

SUN MARK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

SUN MARK LIMITED

COMPANY INFORMATION

Directors	H S Ahuja R S Ranger (resigned 20 October 2021) Vinar N.V. (appointed 20 October 2021)
Company secretary	N A O Qazi
Registered number	03010238
Registered office	Sun House, 428 Long Drive Greenford, Middlesex, UB6 8UH
Independent auditor	MHA MacIntyre Hudson Statutory Auditor 2 London Wall Place London EC2Y 5AU

SUN MARK LIMITED

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SUN MARK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

Sun Mark Limited is a consumer goods company specialising in distribution and selling in international markets, particularly in Africa and the Middle East. The range of products is food, beverages, and toiletries.

Business review

2021 has been a substantially more successful year than 2020 for Sun Mark Limited. The company's focus was on high quality earnings and business that could be better forecasted to be realised. As a result, the company continued its focus on own label and strategic products. The results show that the strategy has been successful with EBITDA increasing on the previous year. While revenue may have declined, this was partly due to a change in the product mix.

Late 2021 saw a change in ownership of the company. This will lead to an acceleration of the company's strategy and focus on development of our own label range and also local manufacturing in our core markets.

However we cannot forget that 2021 was a year when the Covid pandemic continued to ravage the world economy with many commodities starting to increase in price and logistics becoming a huge issue. Logistics costs and availability are an important part of our business and at the end of the accounting period in question this remains a potentially high risk factor for 2022.

Nonetheless we are confident of what our business promises in 2022 and beyond.

Key performance indicators

	2021	2020
	£	£
Turnover (£'000s)	105,170	144,036
Gross profit (£'000s)	12,241	13,499
EBITDA (£'000s)	6,145	3,189

EBTIDA disclosed above included adding back of £450,000 (2020: £450,000) in relation to impairment charge to investment in joint ventures.

Principal risks

The principal risks of the company are foreign exchange, credit risk and interest rate risk.

Foreign Exchange fluctuations

The company makes sales and purchases in foreign currencies so is exposed to fluctuations in these currencies. To mitigate the risk the company partly hedges on a forward budget basis and this has proved to be an effective strategy.

Credit risk

The company strictly monitors amounts outstanding from customers and grants credit only to established customers.

Interest rate risk

The company ensures that it has sufficient cash to meet interest payments. The level of borrowing is low relative to the size of the company.

SUN MARK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Strategy

The primary focus of the company is to increase sales of the company's own brand products and develop new ones in line with end user tastes and requirements.

It will do this through building on existing distributor relationships and also develop new ones in new markets.

This report was approved by the board on 1 November 2022 and signed on its behalf.

H S Ahuja
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

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

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

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

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

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

Results and dividends

The profit for the year, after taxation, amounted to £2,353,649 (2020 - £945,229).

Ordinary dividends were proposed amounting to £7,473,679 (2020: £nil) of which £7,473,679 (2020: £nil) were paid during the period. The directors do not recommend payment of a further dividend.

Directors

The directors who served during the year were:

H S Ahuja
R S Ranger (resigned 20 October 2021)
Vinar N.V. (appointed 20 October 2021)

Political contributions

During the period the company made the following contributions:

The Conservative Party and related organisations £12,408 (2020: £155,707).

In addition to the above the company made £11,048 (2020: £196,505) of charitable donations.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Future developments

The company will continue its focus on own label and strategic products.

Engagement with suppliers, customers and others

The Directors have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172 (1) (a-f) of the Companies Act 2006) for the decisions taken during the period ended 31 December 2021.

Our business has continued to grow successfully with all the risks related to trading, business development and financing well managed and satisfactorily accepted by our suppliers, customers and co-operative partners.

Employees

Our employees are our key asset and central to how we move forward as a business. We intend to retain people for the long term and our recruitment strategy is based on offering long, sometimes lifetime careers in fairly paid and stable jobs.

Business relationships

We value long term relationships with our customers and suppliers and many of our relationship span years. The company engages with its customers and suppliers to understand their business needs. We continued to work diligently to improve our services.

Community, Environment and Reputation

We believe that a positive and strong culture is the best way to ensure a high level of professional conduct when it comes to health and safety, environment, regulations or business dealings.

We engage positively to follow the government regulations consistently.

Shareholders

Our shareholders engage fully with our strategy, objectives and performance.

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.

SUN MARK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Greenhouse gas emissions, energy consumption and energy efficiency action

The Company's greenhouse gas emissions and energy consumption for the year from 1 January 2021 to 31 December 2021 are:

- UK Energy Use: 286,208 kWh (2020: 385,873 kWh)
- Associated Greenhouse gas emissions due to UK energy use: 62 tCO₂e (2020: 88 tCO₂e)
- Intensity Ratio: 0.8 kgCO₂e per sq.ft (2020: 1.1 kgCO₂e per sq.ft)

UK energy use covers gas, electricity and transport etc for the company.

ESOS methodology has been used to calculate the emissions and energy consumption information disclosed.

The company has taken actions to increase energy efficiency including moving to remote home working, implement use of video conferencing and reduce travel due to Covid in the reporting period.

Disclosure of information to auditor

Each of the persons who are director at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There were no post balance sheet events.

Auditor

The auditor, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 1 November 2022 and signed on its behalf.

H S Ahuja
Director

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

Opinion

We have audited the financial statements of Sun Mark Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

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

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 director are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director' 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 3, the director 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 director 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 director 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 director either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management to identify any instances of non-compliance with laws and regulations;
- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

SUN MARK LIMITED

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

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.

Rajeev Shaunak FCA (Senior statutory auditor)

for and on behalf of

MHA MacIntyre Hudson

Statutory Auditors

London, United Kingdom

3 November 2022

SUN MARK LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

		12 month ended 31 December 2021 £	16 months ended 31 December 2020 £
	Note		
Turnover	4	105,170,078	144,036,759
Cost of sales		(92,928,713)	(130,537,115)
Gross profit		12,241,365	13,499,644
Distribution costs		(193,474)	(1,786,230)
Administrative expenses		(8,202,965)	(10,226,272)
Other operating income	5	377,204	143,265
Fair value movements on investment properties	17	-	55,350
Operating profit	6	4,222,130	1,685,757
Interest receivable and similar income	10	5,133	-
Interest payable and similar expenses	11	(325,363)	(438,819)
Profit before tax		3,901,900	1,246,938
Tax on profit	12	(1,548,251)	(301,709)
Profit for the financial year		2,353,649	945,229

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 15 to 35 form part of these financial statements.

SUN MARK LIMITED
REGISTERED NUMBER: 03010238

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	14	4,087,694	1,274,361
Tangible assets	15	181,249	284,729
Investments	16	4,509,279	4,939,279
Investment property	17	-	1,512,817
		<u>8,778,222</u>	<u>8,011,186</u>
Current assets			
Stocks	18	5,479,713	5,557,397
Debtors	19	57,712,328	58,083,794
Cash at bank and in hand	20	4,784,985	2,908,600
		<u>67,977,026</u>	<u>66,549,791</u>
Creditors: amounts falling due within one year	21	(43,689,777)	(36,299,029)
Net current assets		<u>24,287,249</u>	<u>30,250,762</u>
Total assets less current liabilities		<u>33,065,471</u>	<u>38,261,948</u>
Provisions for liabilities			
Deferred tax	22	(28,700)	(105,147)
		<u>(28,700)</u>	<u>(105,147)</u>
Net assets		<u><u>33,036,771</u></u>	<u><u>38,156,801</u></u>
Capital and reserves			
Called up share capital	23	170,000	170,000
Other reserves	24	-	325,903
Profit and loss account	24	32,866,771	37,660,898
		<u><u>33,036,771</u></u>	<u><u>38,156,801</u></u>

SUN MARK LIMITED
REGISTERED NUMBER: 03010238

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021

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

H S Ahuja
Director

Date: 1 November 2022

The notes on pages 15 to 35 form part of these financial statements.

SUN MARK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	evaluation reserve £	Profit and loss account £	Total equity £
At 1 January 2021	170,000	325,903	37,660,898	38,156,801
Comprehensive income for the year	-	-	2,353,649	2,353,649
Profit for the year				
Transfer from other reserves	-	-	325,903	325,903
Other comprehensive income for the year	-	-	325,903	325,903
Total comprehensive income for the year	-	-	2,679,552	2,679,552
Dividends: Equity capital	-	-	(7,473,679)	(7,473,679)
Transfer to profit and loss account	-	(325,903)	-	(325,903)
Total transactions with owners	-	(325,903)	(7,473,679)	(7,799,582)
At 31 December 2021	170,000	-	32,866,771	33,036,771

The notes on pages 15 to 35 form part of these financial statements.

SUN MARK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £	Other reserves £	Profit and loss account £	Total equity £
At 1 September 2019 as restated	170,000	284,540	36,757,032	37,211,572
Comprehensive income for the period	-	-	945,229	945,229
Profit for the period	-	-	(41,363)	(41,363)
Transfer to other reserves	-	-	(41,363)	(41,363)
Other comprehensive income for the period	-	-	(41,363)	(41,363)
Total comprehensive income for the period	-	-	903,866	903,866
Transfer from profit and loss account	-	41,363	-	41,363
Total transactions with owners	-	41,363	-	41,363
At 31 December 2020	170,000	325,903	37,660,898	38,156,801

The notes on pages 15 to 35 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. General 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 presentational and functional currency is GBP. These financial statements are rounded to the nearest £1.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.3 Financial reporting standard 102- reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by the FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

(a) No cash flow statement has been presented for the Company.

This information is included in the consolidated financial statements of Sun Mark International Limited as at 30 November 2021 and these financial statements may be obtained from Companies House.

2.4 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 therefore have a reasonable expectation that the 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

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

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

2.6 Intangible assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

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

Amortisation is provided on the following bases:

Trademarks	-	10 % to 20% straight line
Other intangible fixed assets	-	20 % straight line
Computer software	-	25 % straight line

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Plant and machinery	-	25%
Motor vehicles	-	25%
Fixtures, fittings & equipments	-	25%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.8 Investment property

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 determined annually by directors on an open market value for existing use basis. No depreciation is provided. Changes in fair value are recognised in profit or loss.

2.9 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 are recognised immediately in profit or loss.

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.12 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.15 Financial instruments (continued)

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.17 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.18 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.19 Finance costs

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

2.20 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.21 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.22 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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

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

2.23 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

2.24 Provisions for liabilities

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

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.25 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.26 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.27 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the company'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 both current and future periods.

Critical Judgements

The following judgements 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.

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 an estimated future period that economic benefit is expected to be derived.

4. Turnover

An analysis of turnover by geographical location is as follows:

	2021 £	2020 £
United Kingdom	10,351,868	19,567,420
Rest of the World	94,818,210	124,469,339
	<u>105,170,078</u>	<u>144,036,759</u>

SUN MARK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

5. Other operating income

	2021 £	2020 £
Rent receivable	120,000	-
Government grants receivable	117,687	143,265
Insurance claims	139,517	-
	<u>377,204</u>	<u>143,265</u>

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Loss on disposal of intangible assets	26,118	105,591
Exchange differences	476,791	(132,911)
Other operating lease rentals	792,325	1,066,667
Investment impairment charge	<u>450,000</u>	<u>450,000</u>

7. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>58,000</u>	<u>57,500</u>

Fees payable to the Company's auditor in respect of:

Taxation compliance services	4,250	4,750
	<u>4,250</u>	<u>4,750</u>

SUN MARK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. Employees

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

	2021 £	2020 £
Wages and salaries	2,433,712	3,364,401
Social security costs	255,558	374,973
Cost of defined contribution scheme	48,060	71,621
	<u>2,737,330</u>	<u>3,810,995</u>

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

	2021 No.	2020 No.
	63	70
Administration, sales, marketing and distribution		
	2	2
Directors		
	<u>65</u>	<u>72</u>

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	142,519	180,400
	<u>142,519</u>	<u>180,400</u>

10. Interest receivable

	2021 £	2020 £
Other interest receivable	5,133	-
	<u>5,133</u>	<u>-</u>

SUN MARK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank overdrafts and loans	325,363	438,819
	<u>325,363</u>	<u>438,819</u>

12. Taxation

	2021	2020
	£	£
Corporation tax		
Current tax on profits for the year	949,428	303,500
Adjustments in respect of previous periods	675,270	-
	<u>1,624,698</u>	<u>303,500</u>
Total current tax	<u>1,624,698</u>	<u>303,500</u>
Deferred tax		
Origination and reversal of timing differences	(76,447)	(1,791)
Total deferred tax	<u>(76,447)</u>	<u>(1,791)</u>
Taxation on profit on ordinary activities	<u>1,548,251</u>	<u>301,709</u>

SUN MARK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is the same as (2020 - the same as) the standard rate of corporation tax in the UK of 19% (2020 - 19%) as set out below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>3,901,900</u>	<u>1,246,938</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	741,361	236,918
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	12,669	49,056
Capital allowances for year/period in excess of depreciation	15,641	17,526
Adjustments to tax charge in respect of prior periods	675,270	-
Movement in deferred tax	(76,447)	(1,791)
Other adjustments including impairment charge and other disallowable expenses	179,757	-
Total tax charge for the year/period	<u><u>1,548,251</u></u>	<u><u>301,709</u></u>

Factors that may affect future tax charges

After the year end, the UK Government passed legislation to increase the corporation tax rate from 19% to 25% with effect from 1 April 2023.

13. Dividends

	2021 £	2020 £
Dividends paid	7,473,679	-
	<u><u>7,473,679</u></u>	<u><u>-</u></u>

SUN MARK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. Intangible assets

	Trademarks and patents £	Computer software £	Other intangible fixed assets £	Total £
Cost				
At 1 January 2021	621,408	-	2,722,041	3,343,449
Additions	108,176	111,831	3,955,881	4,175,888
Disposals	(71,877)	-	-	(71,877)
At 31 December 2021	657,707	111,831	6,677,922	7,447,460
Amortisation				
At 1 January 2021	254,393	-	1,814,695	2,069,088
Charge for the year on owned assets	109,552	27,927	1,198,958	1,336,437
On disposals	(45,759)	-	-	(45,759)
At 31 December 2021	318,186	27,927	3,013,653	3,359,766
Net book value				
At 31 December 2021	339,521	83,904	3,664,269	4,087,694
At 31 December 2020	367,015	-	907,346	1,274,361

SUN MARK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

15. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures, fittings & equipments £	Total £
Cost				
At 1 January 2021	48,840	12,050	484,015	544,905
Additions	-	-	33,213	33,213
At 31 December 2021	48,840	12,050	517,228	578,118
Depreciation				
At 1 January 2021	20,819	11,488	227,869	260,176
Charge for the year on owned assets	12,213	562	123,918	136,693
At 31 December 2021	33,032	12,050	351,787	396,869
Net book value				
At 31 December 2021	15,808	-	165,441	181,249
At 31 December 2020	28,021	562	256,146	284,729

SUN MARK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

16. Fixed asset investments

	Shares in group undertakings £	Other fixed asset investments £	Investment in joint ventures £	Total £
Cost				
At 1 January 2021	864,291	24,988	4,500,000	5,389,279
Additions	20,000	-	-	20,000
At 31 December 2021	884,291	24,988	4,500,000	5,409,279
Impairment				
At 1 January 2021	-	-	450,000	450,000
Charge for the period	-	-	450,000	450,000
At 31 December 2021	-	-	900,000	900,000
Net book value				
At 31 December 2021	884,291	24,988	3,600,000	4,509,279
At 31 December 2020	864,291	24,988	4,050,000	4,939,279

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Bulldog Power Limited	Sun House, 428 Long Drive, Greenford, England, UB6 8UH	Ordinary shares	100 %
Sun Mark Global General Trading LLC	PO Box 233190, Near Ai Ras Station, behind Rak Bank, Deira, Dubai, UAE	Ordinary shares	100 %
Sun Oil International Marketing Company Limited (dormant)	Plot 280, Ajoye Adeogun Street, Victoria Island, Lagos State, Nigeria	Ordinary shares	50 %
MS Sun Mark Nigeria Limited	5-7, Ben Onyeka Street, 2nd Benue Bus-Stop, Olodi, Apapa, Lagos State, Nigeria	Ordinary shares	100 %

SUN MARK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

17. Investment properties

	Investment properties £
At 1 January 2021	1,512,817
Disposals	(1,512,817)
At 31 December 2021	-

The 2021 valuations were made by directors, on an open market value for existing use basis.

On a historical cost basis the investment properties would have been included at an original cost of £nil (2020: £564,554).

SUN MARK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

18. Stocks

	2021	2020
	£	£
Goods for resale	5,479,713	5,557,397
	<u>5,479,713</u>	<u>5,557,397</u>

19. Debtors

	2021	2020
	£	£
Trade debtors	23,132,013	22,768,048
Amounts owed by group undertakings	27,952,810	10,436,054
Other debtors	4,986,999	23,801,038
Prepayments and accrued income	1,640,506	1,078,654
	<u>57,712,328</u>	<u>58,083,794</u>

20. Cash and cash equivalents

	2021	2020
	£	£
Cash at bank and in hand	4,784,985	2,908,600
Less: bank overdrafts	(854,686)	(1,672,799)
	<u>3,930,299</u>	<u>1,235,801</u>

SUN MARK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

21. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank overdrafts	854,686	1,672,799
Bank loans	14,900,226	15,302,462
Trade creditors	19,529,850	16,542,373
Amounts owed to group undertakings	2,247,207	1,345,235
Corporation tax	1,885,557	378,076
Other taxation and social security	317,931	191,386
Other creditors	2,370,859	9,050
Accruals and deferred income	1,583,461	857,648
	<u>43,689,777</u>	<u>36,299,029</u>

Bank overdrafts and bank loans with HSBC Bank Plc are secured on the fixed and floating charge over the assets of the company.

SUN MARK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

22. Deferred taxation

	2021 £
At beginning of year	(105,147)
Charged to the profit or loss	76,447
At end of year	(28,700)

	2021 £	2020 £
Accelerated capital allowances	(28,700)	(28,700)
Assets measured at fair value	-	(76,447)
	<u>(28,700)</u>	<u>(105,147)</u>

23. Share capital

	2021 £	2020 £
Authorised, allotted, called up and fully paid		
100,000 (2020 - 100,000) Ordinary class B shares of £0.10 each	10,000	10,000
1,600,000 (2020 - 1,600,000) Ordinary shares of £0.10 each	160,000	160,000
	<u>170,000</u>	<u>170,000</u>

24. 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 account

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

25. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £48,060 (2020 - £71,621). Contributions totalling £12,263 (2020 - £9,050) were payable to the fund at the reporting date and are included in creditors.

26. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	800,000	800,000
Later than 1 year and not later than 5 years	3,200,000	3,200,000
Later than 5 years	2,133,333	2,933,333
	<u>6,133,333</u>	<u>6,933,333</u>

27. Related party transactions

The company has taken the exemption available under section 33 of FRS 102 not to disclose related party transactions and balances between members of group companies.

28. Controlling party

From 20 October 2021, the immediate parent company was Sun Mark International Limited, a company registered in the UK.

From 20 October 2021, the ultimate parent company was Vinar N.V., a company registered in Belgium.

There is no ultimate controlling party.

The parent undertaking of the smallest and largest group, which includes the company and for which group accounts will be prepared, is Sun Mark International Ltd.

Sun Mark International Ltd is incorporated in the United Kingdom. Copies of the financial statements for Sun Mark International Ltd can be obtained from its registered office at Sun House, 428 Long Drive, Greenford, Middlesex, UB6 8UH.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.