

SUN MARK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2020

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 auditors	MHA MacIntyre Hudson Chartered Accountants and Statutory Auditors 2 London Wall Place London EC2Y 5AU

SUN MARK LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 5
Independent auditors' report	6 - 8
Statement of comprehensive income	9
Statement of financial position	10 - 11
Statement of changes in equity	12 - 13
Notes to the financial statements	14 - 34

SUN MARK LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2020

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

2020 was the year the covid pandemic started and it brought substantial changes to the business environment as it spread across the world. Sun Mark felt the impact early as it saw its business affected from the Far East and then spread westwards. However, the company is in a robust sector and demand remained buoyant though with the greatest challenges coming from insufficient supply of product from manufacturers and the sharp increase in cost of logistics and the shortage of sea containers. Sun Mark Limited changed its accounting period to a closing date of 31st December as part of a long term strategy for the business. The difficult business conditions combined to give a lower operating profit than the previous year but the company remained profitable and, at the time of writing, has had a much improved 2021 despite the enduring pandemic.

Key performance indicators

	2020	2019
	£	£
Turnover (£'000s)	144,036	125,402
Gross profit (£'000s)	13,499	10,192
EBITDA (£'000s)	2,739	3,889

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.

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.

SUN MARK LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2020

This report was approved by the board on 21 April 2022 and signed on its behalf.

H S Ahuja
Director

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2020**

The directors present their report and the financial statements for the period ended 31 December 2020.

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 period, after taxation, amounted to £945,229 (2019 - £1,706,702).

Ordinary dividends were proposed amounting to £Nil (2019: £204,000) of which £Nil (2019: £192,000) were paid during the period. The directors do not recommend payment of a further dividend.

Directors

The directors who served during the period were:

H S Ahuja
R S Ranger (resigned 20 October 2021)

Political contributions

During the period the company made the following contributions:

The Conservative Party and related organisations £155,707 (2019: £197,524).

In addition to the above the company made £196,505 (2019: £83,824) of charitable donations.

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2020**

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 2020.

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.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Company's greenhouse gas emissions and energy consumption for the period from 1 January 2020 to 31 December 2020 are:

- UK Energy Use: 385,873 kWh
- Associated Greenhouse gas emissions due to UK energy use: 88 tCO₂e
- Intensity Ratio: 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.

SUN MARK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2020**

Disclosure of information to auditors

Each of the persons who are directors 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 auditors are 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 auditors are aware of that information.

Post balance sheet events

The ultimate controlling party has changed after the period end as a result of restructuring.

Auditors

The auditors, 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 21 April 2022 and signed on its behalf.

H S Ahuja
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUN MARK LIMITED

Opinion

We have audited the financial statements of Sun Mark Limited (the 'Company') for the period ended 31 December 2020, 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 2020 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' 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

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. 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.

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 period 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.

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

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.

Auditors' 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 Auditors' 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' 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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Rajeev Shaunak FCA (Senior statutory auditor)

for and on behalf of

MHA MacIntyre Hudson

Statutory Auditors

London, United Kingdom

21 April 2022

SUN MARK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2020**

	Note	31 December 2020 £	31 August 2019 £
Turnover	4	144,036,759	125,402,838
Cost of sales		(130,537,115)	(115,210,642)
Gross profit		13,499,644	10,192,196
Distribution costs		(1,786,230)	(798,224)
Administrative expenses		(10,226,272)	(6,644,830)
Other operating income	5	143,265	191,566
Fair value movements on investment properties	17	55,350	-
Operating profit	6	1,685,757	2,940,708
Interest receivable and similar income	10	-	20,814
Interest payable and similar expenses	11	(438,819)	(616,075)
Profit before tax		1,246,938	2,345,447
Tax on profit	12	(301,709)	(638,745)
Profit for the financial period		945,229	1,706,702

The notes on pages 14 to 34 form part of these financial statements.

SUN MARK LIMITED
REGISTERED NUMBER: 03010238

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

		31 December	31 August
	Note	2020 £	2019 as restated £
Fixed assets			
Intangible assets	14	1,274,361	1,983,126
Tangible assets	15	284,729	394,614
Investments	16	4,939,279	889,279
Investment property	17	1,512,817	911,555
		<u>8,011,186</u>	<u>4,178,574</u>
Current assets			
Stocks	18	5,557,397	5,286,187
Debtors	19	58,083,794	55,371,353
Cash at bank and in hand	20	1,235,801	7,336,729
		<u>64,876,992</u>	<u>67,994,269</u>
Creditors: amounts falling due within one year	21	<u>(34,626,230)</u>	<u>(34,854,333)</u>
Net current assets		<u>30,250,762</u>	<u>33,139,936</u>
Total assets less current liabilities		<u>38,261,948</u>	<u>37,318,510</u>
Provisions for liabilities			
Deferred tax	22	(105,147)	(106,938)
		<u>(105,147)</u>	<u>(106,938)</u>
Net assets		<u><u>38,156,801</u></u>	<u><u>37,211,572</u></u>
Capital and reserves			
Called up share capital	23	170,000	170,000
Other reserves	24	325,903	284,540
Profit and loss account	24	37,660,898	36,757,032
		<u><u>38,156,801</u></u>	<u><u>37,211,572</u></u>

SUN MARK LIMITED
REGISTERED NUMBER: 03010238

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2020

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

H S Ahuja
Director

Date: 21 April 2022

The notes on pages 14 to 34 form part of these financial statements.

SUN MARK LIMITED

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

	Called up share capital £	Other reserves £	Profit and loss account £	Total equity £
At 1 September 2018 as restated	170,000	451,000	38,828,042	39,449,042
Comprehensive income for the year				
	-	-	1,706,702	1,706,702
Profit for the year				
	-	(166,460)	-	(166,460)
Other movement))
	-	-	(3,573,712)	(3,573,712)
Other distributions))
	-	(166,460)	(3,573,712)	(3,740,172)
Other comprehensive income for the year)))
	-	(166,460)	(1,867,010)	(2,033,470)
Total comprehensive income for the year)))
	-	-	(204,000)	(204,000)
Dividends))
	-	-	(204,000)	(204,000)
Total transactions with owners))
	170,000	284,540	36,757,032	37,211,572
At 1 September 2019 as restated				
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))
	-	-	903,866	903,866
Total comprehensive income for the period				

SUN MARK LIMITED

STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2020

	-	41,363	-	41,363
Transfer from profit and loss account				
	-	41,363	-	41,363
Total transactions with owners				
	<u>170,000</u>	<u>325,903</u>	<u>37,660,898</u>	<u>38,156,801</u>
At 31 December 2020				

The notes on pages 14 to 34 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

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 its immediate parent undertaking established under the UK law and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.3 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 PERIOD ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.4 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.

2.5 Intangible assets

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 basis:

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

2.6 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 PERIOD ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.6 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 and fittings	-	25%
Office equipment	-	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.

The depreciation rate changed during the period from 25% reducing balance to 25% straight line.

2.7 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.

2.8 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.

2.9 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.

2.10 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.11 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.

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 PERIOD ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.12 Current and deferred taxation

The tax expense for the period 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 Statement of financial position 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.

2.13 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.

2.14 Interest income

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

2.15 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.

2.16 Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.17 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.

2.18 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

2.19 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 Statement of financial position 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.

2.20 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.

2.21 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.22 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 PERIOD ENDED 31 DECEMBER 2020

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:

	2020 £	2019 £
United Kingdom	19,567,420	16,404,453
Rest of the World	124,469,339	108,998,385
	<u>144,036,759</u>	<u>125,402,838</u>

SUN MARK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

5. Other operating income

	2020	2019
	£	£
Rent receivable	-	191,566
Government grants receivable	143,265	-
	<u>143,265</u>	<u>191,566</u>

6. Operating profit

The operating profit is stated after charging:

	2020	2019
	£	£
Loss on disposal of intangible assets	105,591	-
Exchange differences	(132,911)	(587,812)
Other operating lease rentals	1,066,667	-
Investment impairment charge	<u>450,000</u>	<u>-</u>

7. Auditors' remuneration

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

Audit fees	45,000	46,000
All other services	5,000	33,600
	<u>50,000</u>	<u>79,600</u>

SUN MARK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

8. Employees

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

	2020 £	2019 £
Wages and salaries	3,364,401	2,726,087
Social security costs	374,973	286,857
Cost of defined contribution scheme	71,621	46,848
	<u>3,810,995</u>	<u>3,059,792</u>

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

	2020 No.	2019 No.
	70	76
Administration, sales, marketing and distribution		
	2	2
Directors		
	<u>72</u>	<u>78</u>

9. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	180,400	130,000
	<u>180,400</u>	<u>130,000</u>

10. Interest receivable

	2020 £	2019 £
Other interest receivable	-	20,814
	<u>-</u>	<u>20,814</u>

SUN MARK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

11. Interest payable and similar expenses

	2020 £	2019 £
Interest on bank overdrafts and loans	438,819	616,075
	<u>438,819</u>	<u>616,075</u>

12. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	303,500	503,687
Adjustments in respect of previous periods	-	125,396
	<u>303,500</u>	<u>629,083</u>
Total current tax	<u>303,500</u>	<u>629,083</u>
Deferred tax		
Origination and reversal of timing differences	(1,791)	9,662
	<u>(1,791)</u>	<u>9,662</u>
Total deferred tax	<u>(1,791)</u>	<u>9,662</u>
Taxation on profit on ordinary activities	<u>301,709</u>	<u>638,745</u>

SUN MARK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

12. Taxation (continued)

Factors affecting tax charge for the period/year

The tax assessed for the period/year is the same as (2019 - the same as) the standard rate of corporation tax in the UK of 19% (2019 - 19%) as set out below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>1,246,938</u>	<u>2,345,447</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	236,918	445,635
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	49,056	78,918
Capital allowances for period/year in excess of depreciation	17,526	(2,513)
Adjustments to tax charge in respect of prior periods	-	125,396
Movement in deferred tax	(1,791)	9,662
Other differences leading to an increase (decrease) in the tax charge	-	(18,353)
Total tax charge for the period/year	<u><u>301,709</u></u>	<u><u>638,745</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

	31 December 2020 £	31 August 2019 £
Interim dividends	-	204,000
	<u><u>-</u></u>	<u><u>204,000</u></u>

SUN MARK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

14. Intangible assets

	Trademarks and patents £	Other intangible fixed assets £	Total £
Cost			
At 1 September 2019	1,514,871	2,722,041	4,236,912
Additions	241,329	-	241,329
Disposals	(1,134,792)	-	(1,134,792)
At 31 December 2020	<u>621,408</u>	<u>2,722,041</u>	<u>3,343,449</u>
Amortisation			
At 1 September 2019	1,164,970	1,088,816	2,253,786
Charge for the period on owned assets	118,624	725,879	844,503
On disposals	(1,029,201)	-	(1,029,201)
At 31 December 2020	<u>254,393</u>	<u>1,814,695</u>	<u>2,069,088</u>
Net book value			
At 31 December 2020	<u>367,015</u>	<u>907,346</u>	<u>1,274,361</u>
At 31 August 2019	<u>349,901</u>	<u>1,633,225</u>	<u>1,983,126</u>

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

SUN MARK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

15. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost					
At 1 September 2019	351,982	18,274	546,133	489,266	1,405,655
Additions	10,834	-	-	88,665	99,499
Disposals	(313,976)	(6,224)	(233,703)	(406,346)	(960,249)
At 31 December 2020	48,840	12,050	312,430	171,585	544,905
Depreciation					
At 1 September 2019	309,236	10,942	350,852	340,011	1,011,041
Charge for the period	25,559	6,770	9,696	167,359	209,384
Disposals	(313,976)	(6,224)	(233,703)	(406,346)	(960,249)
At 31 December 2020	20,819	11,488	126,845	101,024	260,176
Net book value					
At 31 December 2020	28,021	562	185,585	70,561	284,729
At 31 August 2019	42,746	7,332	195,281	149,255	394,614

SUN MARK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

16. Fixed asset investments

	Shares in group undertakings £	Other fixed asset investments £	Investment in joint ventures £	Total £
Cost				
At 1 September 2019	864,291	24,988	-	889,279
Additions	-	-	4,500,000	4,500,000
At 31 December 2020	864,291	24,988	4,500,000	5,389,279
Impairment				
Charge for the period	-	-	450,000	450,000
At 31 December 2020	-	-	450,000	450,000
Net book value				
At 31 December 2020	864,291	24,988	4,050,000	4,939,279
At 31 August 2019	864,291	24,988	-	889,279

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 %
Friendship Films Limited (dissolved on 4 February 2020)	8 Freetrade House, Lowther Road, Stanmore, Middlesex, England, HA7 1EP	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, Ajoose Adeogun Street, Victoria Island, Lagos State, Nigeria	Ordinary shares	50 %

SUN MARK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

17. Investment properties

	Investment properties £
Valuation	
At 1 September 2019	911,555
Additions at cost	545,912
Surplus on revaluation	55,350
At 31 December 2020	1,512,817

The 2020 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 £564,554 (2019: £564,554).

SUN MARK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

18. Stocks

	31 December	<i>31 August</i>
	2020	2019 as
	£	restated
		£
Goods for resale	5,557,397	5,286,187
	<u>5,557,397</u>	<u>5,286,187</u>

19. Debtors

	31 December	<i>31 August</i>
	2020	2019 as
	£	restated
		£
Trade debtors	22,768,048	28,847,679
Amounts owed by group undertakings	10,436,054	5,919,502
Other debtors	23,801,038	19,061,497
Prepayments and accrued income	1,078,654	1,542,675
	<u>58,083,794</u>	<u>55,371,353</u>

20. Cash and cash equivalents

	31 December	<i>31 August</i>
	2020	2019
	£	£
Cash at bank and in hand	1,235,801	7,336,729
	<u>1,235,801</u>	<u>7,336,729</u>

SUN MARK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

21. Creditors: Amounts falling due within one year

	31 December 2020 £	31 August 2019 as restated £
Bank loans	15,302,462	11,754,960
Dividends payable	-	12,000
Trade creditors	16,542,373	16,856,387
Amounts owed to group undertakings	1,345,235	-
Corporation tax	378,076	856,805
Other taxation and social security	191,386	83,325
Other creditors	9,050	3,091,926
Accruals and deferred income	857,648	2,198,930
	<u>34,626,230</u>	<u>34,854,333</u>

SUN MARK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

22. Deferred taxation

	2020	
	£	
At beginning of year	(106,938)	
Charged to the profit or loss	1,791	
At end of year	<u>(105,147)</u>	
	31 December	31 August
	2020	2019
	£	£
Accelerated capital allowances	(28,700)	(44,478)
Assets measured at fair value	(76,447)	(62,460)
	<u>(105,147)</u>	<u>(106,938)</u>

23. Share capital

	31 December	31 August
	2020	2019
	£	£
Authorised, allotted, called up and fully paid		
100,000 (2019 - 100,000) Ordinary class B shares of £0.10 each	10,000	10,000
1,600,000 (2019 - 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 PERIOD ENDED 31 DECEMBER 2020**

25. Prior year adjustments

The following prior year adjustments have been made:

1) The reversal of a non-contractual amount in relation to rebates due from a supplier in the year ended 31 August 2018. The amount was not recoverable as previously envisaged due to a change in business and economic circumstances and the supplier's internal policy. As a result, trade creditors have increased by £2,996,197 and profit before tax for the year has decreased by £2,996,197

2) The reversal of prior year adjustment in relation to revenue recognition policy regarding goods in transit. As a result the opening reserve for year ended 31 August 2018 has increased by £585,996, the stock has decreased by £6,001,361 and trade debtors have increased by £6,587,357.

3) The above prior year adjustments have reduced the prior year's profit before tax and resulted in overprovision of the corporation tax liability. As a result, the corporation tax creditor has decreased by £457,938 and the profit after tax for the year has increased by £457,938.

26. 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 £69,869 (2019 - £46,848). Contributions totalling £9,050 (2019 - £11,134) were payable to the fund at the reporting date and are included in creditors.

27. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	31 December 2020 £	<i>31 August 2019 £</i>
Not later than 1 year	800,000	<i>800,000</i>
Later than 1 year and not later than 5 years	3,200,000	<i>3,200,000</i>
Later than 5 years	2,933,333	<i>4,000,000</i>
	<u>6,933,333</u>	<i><u>8,000,000</u></i>

28. Related party transactions

At the period end £23,020,594 (2019: £16,490,014) was due from entities under common control and there were also sales, purchases and other transactions totalling £14,595,058 (2019: £11,023,966) in the period.

SUN MARK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

29. Controlling party

At the year end the immediate parent company was R&R International Ltd.

The ultimate controlling parties are considered to be Dr R Ranger and Mrs R Ranger at the period end. Following the group restructuring after the period end, the ultimate controlling party is Vinar N.V..

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

R&R International Ltd is incorporated in the United Kingdom. Copies of the financial statements for R&R 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.