

Company Registration No. 03545205 (England and Wales)

KMS (UK) LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

KMS (UK) LTD

COMPANY INFORMATION

Directors	Mrs M N Gates Mr C Gates
Company number	03545205
Registered office	1st - 4th Floors 203 Victoria Street London SW1E 5NE
Auditor	Arram Berlyn Gardner LLP 30 City Road London EC1Y 2AB

KMS (UK) LTD

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KMS (UK) LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present the strategic report for the year ended 31 December 2017.

Fair review of the business

The performance of the business, despite the huge challenges presented by Brexit, remains consistent and robust.

The potentially negative overall effects of a "no deal" Brexit to the UK economy remains a direct concern to the business, as does a weak and divided Government and the lack of a credible opposition.

On the plus side, the slide in sterling means that the UK will continue to be a more attractive destination for visitors, with, it is hoped, a commensurate increase in hotel occupancy levels.

This provides the business with an opportunity to be highly selective in seeking prospective clients willing to trade at realistic market rates for the provision of housekeeping employees.

Therefore, future growth will be dependent on selecting the right clients to partner during a challenging period.

Principal risks and uncertainties

As a company with a large number of EU workers, the principal risk to the business remains the future status of these citizens as a result of Brexit, compounded with the possibility of EU workers not receiving preferential access.

There is likely to be upward pressure on wages within the hospitality supply sector as the employee recruitment market contracts. This will require careful planning and costing policies to ensure that the company continues to attract the right candidates whilst maintaining acceptable margins and competitive pricing.

Key performance indicators

The directors consider sales, margin, overheads and EBITA to be the main financial performance indicators of the company.

Future Outlook

In the meantime, our priority is to maintain the highest levels of service to our loyal existing client base and retain our exiting workforce, through the continued ethical treatment of our employees, further investment in technology and the focus on excellent customer service.

On behalf of the board

Mr C Gates

Director

27 September 2018

KMS (UK) LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the year ended 31 December 2017.

Principal activities

The principal activity of the company continued to be that of the provision of housekeeping services to the hospitality industry.

Directors

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

Mrs M N Gates

Mr C Gates

Results and dividends

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

Ordinary dividends were paid amounting to £410,000. The directors do not recommend payment of a final dividend.

Disabled persons

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

Employee involvement

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

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

Auditor

Arram Berlyn Gardner LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

KMS (UK) LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditor

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

On behalf of the board

Mr C Gates

Director

27 September 2018

KMS (UK) LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KMS (UK) LTD

Opinion

We have audited the financial statements of KMS (UK) Ltd (the 'company') for the year ended 31 December 2017 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The 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 auditor's 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

KMS (UK) LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF KMS (UK) LTD

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 and the directors' report.

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Other matters which we are required to address

In the previous accounting period the directors of the company took advantage of the audit exemption under s477 of the Companies Act. Therefore the prior period financial statements were not subject to an audit.

KMS (UK) LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF KMS (UK) LTD

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.

John Donohoe FCA (Senior Statutory Auditor)
for and on behalf of Arram Berlyn Gardner LLP

27 September 2018

Chartered Accountants
Statutory Auditor

30 City Road
London
EC1Y 2AB

KMS (UK) LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Turnover	3	12,072,971	10,332,137
Cost of sales		(10,942,183)	(9,384,257)
Gross profit		1,130,788	947,880
Administrative expenses		(569,097)	(653,687)
Operating profit	4	561,691	294,193
Interest receivable and similar income	8	7,816	133
Interest payable and similar expenses	9	-	(1,444)
Profit before taxation		569,507	292,882
Tax on profit	10	(120,000)	(60,436)
Profit for the financial year		449,507	232,446

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

KMS (UK) LTD

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	12		3,854		5,468
Current assets					
Debtors	14	1,785,556		1,610,203	
Cash at bank and in hand		332,459		488,174	
		<u>2,118,015</u>		<u>2,098,377</u>	
Creditors: amounts falling due within one year	15	<u>(1,867,406)</u>		<u>(1,888,889)</u>	
Net current assets			250,609		209,488
Total assets less current liabilities			<u>254,463</u>		<u>214,956</u>
Capital and reserves					
Called up share capital	18		100		100
Profit and loss reserves	19		254,363		214,856
Total equity			<u>254,463</u>		<u>214,956</u>

The financial statements were approved by the board of directors and authorised for issue on 27 September 2018 and are signed on its behalf by:

Mr C Gates
Director

Company Registration No. 03545205

KMS (UK) LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 January 2016		100	252,410	252,510
Year ended 31 December 2016:				
Profit and total comprehensive income for the year		-	232,446	232,446
Dividends	11	-	(270,000)	(270,000)
Balance at 31 December 2016		100	214,856	214,956
Year ended 31 December 2017:				
Profit and total comprehensive income for the year		-	449,507	449,507
Dividends	11	-	(410,000)	(410,000)
Balance at 31 December 2017		100	254,363	254,463

KMS (UK) LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	22		1,205,527		(306,263)
Interest paid			-		(1,444)
Income taxes paid			(60,436)		(80,045)
Net cash inflow/(outflow) from operating activities			1,145,091		(387,752)
Investing activities					
Purchase of tangible fixed assets		(768)		(2,173)	
Interest received		7,816		133	
Net cash generated from/(used in) investing activities			7,048		(2,040)
Financing activities					
Dividends paid		(410,000)		(270,000)	
Net cash used in financing activities			(410,000)		(270,000)
Net increase/(decrease) in cash and cash equivalents			742,139		(659,792)
Cash and cash equivalents at beginning of year			(414,612)		245,180
Cash and cash equivalents at end of year			327,527		(414,612)
Relating to:					
Cash at bank and in hand			332,459		488,174
Bank overdrafts included in creditors payable within one year			(4,932)		(902,786)

KMS (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

KMS (UK) Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 1st - 4th Floors, 203 Victoria Street, London, SW1E 5NE.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

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

Invoices are raised on a weekly basis and an accrual is made at the year end for un-invoiced services that were rendered during the period.

1.4 Tangible fixed assets

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

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

Leasehold land and buildings	Over the lease term
Plant and equipment	20% straight line

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

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

1.5 Impairment of fixed assets

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

KMS (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

1.6 Cash at bank and in hand

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

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

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

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

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

KMS (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Derecognition of financial liabilities

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

1.8 Equity instruments

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

1.9 Taxation

The tax expense represents the sum of the tax currently payable.

KMS (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1.10 Employee benefits

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

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

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

1.11 Retirement benefits

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

1.12 Leases

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

2 Judgements 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 only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

	2017 £	2016 £
Turnover analysed by class of business		
Housekeeping	12,072,971	10,332,137
	<u> </u>	<u> </u>
	2017 £	2016 £
Other significant revenue		
Interest income	7,816	133
	<u> </u>	<u> </u>

KMS (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

3 Turnover and other revenue (Continued)

	2017 £	2016 £
Turnover analysed by geographical market		
UK	12,072,971	10,332,137

4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	2,382	3,178
Operating lease charges	57,260	28,062

5 Auditor's remuneration

	2017 £	2016 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	8,750	-

6 Employees

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

2017 Number	2016 Number
734	651

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	10,432,044	9,172,607
Social security costs	640,612	550,686
Pension costs	87,150	46,831
	11,159,806	9,770,124

KMS (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

7	Directors' remuneration	2017	2016
		£	£
	Remuneration for qualifying services	16,320	140,000
		<u> </u>	<u> </u>
8	Interest receivable and similar income	2017	2016
		£	£
	Interest income		
	Interest on bank deposits	-	133
	Other interest income	7,816	-
		<u> </u>	<u> </u>
	Total income	7,816	133
		<u> </u>	<u> </u>
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	-	133
		<u> </u>	<u> </u>
9	Interest payable and similar expenses	2017	2016
		£	£
	Other finance costs:		
	Other interest	-	1,444
		<u> </u>	<u> </u>
10	Taxation	2017	2016
		£	£
	Current tax		
	UK corporation tax on profits for the current period	120,000	60,436
		<u> </u>	<u> </u>

UK Corporation tax rates were substantively enacted as part of the Finance Bill 2015 on 15 July 2015. This reduced the main rate to 19% from 1 April 2017. Further reductions to the UK Corporation tax rates were substantially enacted as part of the Finance Bill 2016 on 16 March 2016, and remain in place as part of Finance Bill 2017.

This will reduce the main rate to 17% on 1 April 2020.

KMS (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	569,507	292,882
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	109,630	58,576
Tax effect of expenses that are not deductible in determining taxable profit	10,954	2,295
Permanent capital allowances in excess of depreciation	(584)	(435)
Taxation charge for the year	120,000	60,436

11 Dividends

	2017 £	2016 £
Interim paid	410,000	270,000

12 Tangible fixed assets

	Leasehold land and buildings £	Plant and equipment £	Total £
Cost			
At 1 January 2017	5,016	56,006	61,022
Additions	-	768	768
At 31 December 2017	5,016	56,774	61,790
Depreciation and impairment			
At 1 January 2017	5,016	50,538	55,554
Depreciation charged in the year	-	2,382	2,382
At 31 December 2017	5,016	52,920	57,936
Carrying amount			
At 31 December 2017	-	3,854	3,854
At 31 December 2016	-	5,468	5,468

KMS (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

13 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,771,438	1,523,169
Carrying amount of financial liabilities		
Measured at amortised cost	704,747	1,534,838

14 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	1,576,510	1,510,044
Other debtors	194,928	13,125
Prepayments and accrued income	14,118	87,034
	1,785,556	1,610,203

15 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	16	4,932	902,786
Trade creditors		11,889	10,816
Corporation tax		120,000	60,436
Other taxation and social security		1,042,659	293,615
Other creditors		408,817	425,129
Accruals and deferred income		279,109	196,107
		1,867,406	1,888,889

Amounts owed under a debt financing arrangement are secured on the trade debtors of the company by way of a fixed and floating charge on all of the company's assets.

16 Loans and overdrafts

	2017 £	2016 £
Bank overdrafts	4,932	902,786
Payable within one year	4,932	902,786

KMS (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

17 Retirement benefit schemes

	2017	2016
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	87,150	46,831

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

18 Share capital

	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
100 Ordinary of £1 each	100	100
	100	100

19 Profit and loss reserves

Retained earnings represents accumulated comprehensive income for the year and prior periods less dividends paid.

20 Operating lease commitments

Lessee

Operating lease payments represents rentals payable by the company for office premises. The lease is negotiated for a period of 3 years starting from February 2017 and are fixed for a period of 3 years.

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

	2017	2016
	£	£
Within one year	52,500	5,014
Between two and five years	61,250	-
	113,750	5,014

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

21 Directors' transactions

Dividends totalling £410,000 (2016 - £270,000) were paid in the year in respect of shares held by the company's directors.

The company has entered into advances for its directors as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Interest charged £	Amounts repaid £	Closing balance £
Directors	3.00	(1,998)	600,021	7,816	(424,556)	181,283
		(1,998)	600,021	7,816	(424,556)	181,283

22 Cash generated from operations

	2017 £	2016 £
Profit for the year after tax	449,507	232,446
Adjustments for:		
Taxation charged	120,000	60,436
Finance costs	-	1,444
Investment income	(7,816)	(133)
Depreciation and impairment of tangible fixed assets	2,382	3,178
Movements in working capital:		
(Increase) in debtors	(175,353)	(201,249)
Increase/(decrease) in creditors	816,807	(402,385)
Cash generated from/(absorbed by) operations	1,205,527	(306,263)

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.