

**CB IMPORTS GROUP LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2017**

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# CB IMPORTS GROUP LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	F W Bacon R J Steele S R Wood S J Wragg
<b>Secretary</b>	S R Wood
<b>Company number</b>	06403560
<b>Registered office</b>	Ardsley Mills Common Lane East Ardsley Wakefield West Yorkshire WF3 2DW
<b>Auditors</b>	RSM UK Audit LLP Chartered Accountants Central Square 5 <sup>th</sup> Floor 29 Wellington Street Leeds West Yorkshire LS1 4DL
<b>Bankers</b>	HSBC Bank plc 28 Chancery Lane Huddersfield West Yorkshire HD1 2DT

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# **CB IMPORTS GROUP LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2017**

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

#### **Fair review of the business**

The directors are pleased to report that the Group and Company's balance sheet as detailed on page 11 shows a satisfactory position, with Group shareholders' funds amounting to £5,392k. The principal reason for the movement year on year is due to the large adverse fluctuation in the exchange rate and the consequential impact of the fair value of the derivative instruments that the company had entered in to. As at the 1 January 2017, the Group had an opening hedging revenue of £407k, due to the fluctuation in rates and the forward contracts in existence as at the year end the closing reserve was £(71)k, therefore creating a charge of £478k in the year. This movement has been recognised in the financial statements under FRS102 Cashflow Hedge accounting.

During 2016 the United Kingdom took the unprecedented decision to leave the EU. Although the full impact of this decision on the Group continues to be unknown, the large fluctuations in the exchange rates following this decision, has resulted in significant charges year on year. Although the directors had put several plans in place should the final decision be made to leave the EU, the current effect on the demand for non-essential consumer products and the general fall in consumer confidence following the decision to leave the EU has been greater than that anticipated. Higher commodity and import prices arising from the fall in the pound during the year have impacted on all household costs and this has fed through into consumer prices and has ultimately eroded consumer spending power.

The directors are pleased to report that even though the Group has continued to face increased competitive pressures in certain product categories, whilst at the same time, dealing with the adverse impact of the exchange rate, along with increased regulatory pressures in many Far East countries, turnover has been maintained year on year. Throughout 2017 many suppliers and competitors diversified further due to increased pressures on maintaining turnover in both a very competitive and declining market. Although overall turnover has been maintained, the directors are not complacent about the challenges the Group will continue to face and therefore is committed to identify, and implement cost cutting measures where ever possible.

The Group has continued to consolidate its market position with over 52,000 new customers registering at the outlets in either, Leeds, Manchester, Birmingham, Bristol, Gateshead, Glasgow, Loughborough and High Wycombe, or via our websites.

Due to the factors mentioned above gross margin have decreased in the year to 45.6% (2016: 47.5%). The Directors consider this to be reasonable given inflationary increases in the Far East, the fluctuating dollar rate and the continued impact of the reduction of disposable income in the UK.

Operating profits of £253k have decreased by £99k year on year, attributable to the decrease in the gross margin of the business. However, the effect of the decrease in gross margin on the operating loss has been minimised by the cost savings made in 2016 and 2017.

As at 31 December 2017, the Group had net assets of £5,392k, which is a decrease of £512k, this is due to the movement in the hedging reserve noted above. The key focus of the company is maintaining good stock availability, whilst minimising the overall stock holding. Stock at the year end was £313k higher than the previous year end at £5,809k. Overall working capital has decreased by £563k to £1,828k, with cash levels being maintained during the year at £1,588k (2016: £1,520k).

The directors would like to take this opportunity to express our gratitude for all the efforts, hard work and continued commitment of all staff during this difficult process of rationalisation.

# **CB IMPORTS GROUP LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **Principal Business Risks**

The directors have reviewed the risks that we believe could seriously affect the Group's performance, prospects and its ability to deliver its strategy. The principal risks and uncertainties facing the Group are:

- Customer mix, demands and more preference in shopping style & products type
- Economic factors impacting on the retail sector and the increased competition of online trading
- Brand recognition and reputation within our sector
- Technological advances, including data privacy and security
- Brexit and the other inherent risks surrounding the transition from the EU
- Retention, recruitment & succession planning of our staff

The directors manage and mitigate these risks as far as possible through constant monitoring of the position of the business and workforce.

#### **Future developments**

The directors anticipate that the market will continue to be increasingly competitive for the foreseeable future, with the British Retail Consortium reporting the first annual drop in non-food sales since 2011 in 2018.

However, through continued investment in systems to support the buying methodology and ongoing cost reductions, the Group envisage it will be able to continue to offer both new and exciting ranges at more competitive prices.

The continued revival of the popularity of silk flowers is expected to be of great benefit to the Group over the coming months as this is an area of the business that underpins the continued demand for related products sold by the company.

The Group is hopeful that it will start to regain the market share lost over the last few years and return to satisfactory levels of profitability, as a result of the investment in improved sourcing disciplines, more sophisticated marketing techniques and the further rationalisation of the cost base required to support these activities. However, it would be reticent of the directors not to acknowledge the large impact the introduction of GDPR has had on our customer database.

In addition, further developments and significant investments in the online offering will continue to support the future growth of our online presence and offering, the directors believe this will become a far greater component of our business over the next few years.

In the opinion of the directors, a continuing review of the Group's strategy is critical in order for the Group to stay competitive. The floristry industry in the UK is a highly commutative industry, which has seen further pressures added due to the decision to leave the EU.

# CB IMPORTS GROUP LIMITED

## STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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### Financial risk management objectives and policies

#### **Market risk**

The marketplace is experiencing increased levels of competition as a growing number of companies compete for a diminishing overall market value. Growth under such conditions requires the continuous introduction of new and innovative products in order to stimulate demand and improve market shares.

It is the continuing policy of the Group to enter into new markets and expand its customer base in order to reduce the reliance on one market sector. As such, the Group continues the enhancement of relations with existing suppliers and seeks to source products from new suppliers on a worldwide basis.

#### **Foreign exchange risk**

Where appropriate, the Group utilises forward purchase contracts to minimise the effects of changes in foreign exchange rates. Due to the large fluctuations in currency rates and uncertainty surrounding the impact of BREXIT, the business is reviewing all buying activities, and seeks alternative sources of supply where necessary, without compromising on quality.

#### **Financial risk management**

The Group has a financial risk management framework whereby the primary objective is to protect the Group from events which may hinder the achievement of the Group's performance objectives. The key elements of this are cash, foreign currency, stock and debtor management.

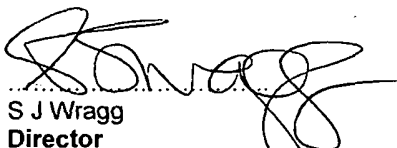
The Group aims to mitigate liquidity risk by managing cash generation from its operations. The Group also manages liquidity risk via revolving credit facilities and long term debt.

#### **Corporate and social responsibility**

The Group recognises its impact, responsibilities and obligations on and towards its environment.

The Group aims to reduce environmental risk, both internally and externally by employing managers tasked with meeting all health, safety and environmental regulations.

By order of the board



S J Wragg  
Director

27 September 2018

# **CB IMPORTS GROUP LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2017**

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

#### **Principal activities**

The principal activity of the Group continued to be that of importing and wholesaling artificial flowers and greenery, homewares, florists' sundries and associated products.

The Company's principal activity continued to be that of a holding company.

#### **Directors**

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

F W Bacon      (appointed 4 April 2017)  
R J Steele  
S R Wood  
S J Wragg

#### **Results and dividends**

The results for the year are set out on pages 9 to 10.

No ordinary dividends were paid. The Directors do not recommend payment of a final dividend.

#### **Third party provision for Directors**

Qualifying third party indemnity provision is in place for the benefit of all the Directors of the Group.

#### **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 Group continues and that the appropriate training is arranged. It is the policy of the Group 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 Group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of 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 Group's performance.

There is no employee share scheme at present, but the Directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the Group's performance.

#### **Auditor**

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

#### **Strategic Report**

In accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the Group has prepared a Strategic Report which includes information that would have previously been included in the Directors' Report.

# CB IMPORTS GROUP LIMITED

## DIRECTORS' REPORT

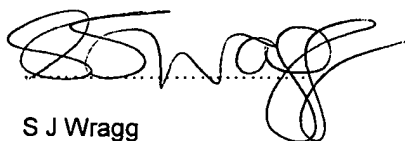
FOR THE YEAR ENDED 31 DECEMBER 2017

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### Statement of disclosure to the auditor

So far as the Directors are aware, there is no relevant audit information of which the Group's auditor is unaware. Additionally, the Directors 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 Group's auditor is aware of that information.

By order of the board

A handwritten signature in black ink, appearing to read 'S J Wragg', written over a dotted line.

S J Wragg  
Director

27 September 2018

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## **CB IMPORTS GROUP LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2017**

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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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



# **INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF CB IMPORTS GROUP LIMITED**

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## **Opinion**

We have audited the financial statements of CB Imports Group Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2017 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

## **Basis for opinion**

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

## **Conclusions relating to going concern**

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

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

## **Other information**

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

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

We have nothing to report in this regard.

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

In our opinion, based on the work undertaken in the course of 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 has been prepared in accordance with applicable legal requirements.

## INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF CB IMPORTS GROUP LIMITED

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

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

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

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

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

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

### Use of our report

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

*RSM UK Audit LLP*

Hugh Fairclough (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Central Square  
5<sup>th</sup> Floor  
29 Wellington Street  
Leeds  
LS1 4DL

*28 September* 2018

# CB IMPORTS GROUP LIMITED

## CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £'000	2016 £'000
Turnover	3	21,237	21,242
Cost of sales		(11,554)	(11,148)
Gross profit		9,683	10,094
Distribution costs		(4,534)	(4,720)
Administrative expenses		(5,168)	(5,301)
Other operating income		272	279
Operating profit	4	253	352
Interest receivable and similar income	8	-	-
Interest payable and similar charges	9	(302)	(564)
Loss on ordinary activities before taxation		(49)	(212)
Taxation	10	15	27
Loss on ordinary activities after taxation and for the financial year	25	(34)	(185)

# CB IMPORTS GROUP LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AS AT 31 DECEMBER 2017

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	Notes	2017 £'000	2016 £'000
Loss for the financial year		(34)	(185)
		<hr/>	<hr/>
Other comprehensive income net of taxation			
Cash flow hedges gain arising in the year		(576)	369
Tax relating to other comprehensive income		98	(35)
		<hr/>	<hr/>
Other comprehensive income for the year		(478)	334
		<hr/>	<hr/>
Total comprehensive (loss)/income for the year		(512)	149
		<hr/>	<hr/>

**CB IMPORTS GROUP LIMITED**  
**CONSOLIDATED AND COMPANY**  
**STATEMENTS OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2017**

	Notes	2017 £'000	Group 2016 £'000	2017 £'000	Company 2016 £'000
<b>Fixed assets</b>					
Goodwill	12	93	105	-	-
Other intangible assets	12	609	725	-	-
Total intangible assets		702	830	-	-
Tangible assets	13	4,814	4,915	-	-
Investments	14	-	-	8,291	8,291
		5,516	5,745	8,291	8,291
<b>Current assets</b>					
Stocks	15	5,809	5,496	-	-
Debtors	16	1,823	2,387	-	-
Cash at bank and in hand		1,588	1,520	-	-
		9,221	9,403	-	-
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	17	(7,393)	(7,012)	(3,343)	(3,327)
<b>Net current assets/(liabilities)</b>		1,828	2,391	(3,343)	(3,327)
<b>Total assets less current liabilities</b>		7,344	8,136		4,964
Creditors: amounts falling due after one year	18	(1,952)	(2,209)	-	-
Provisions for liabilities	22	-	(23)	-	-
<b>Net assets</b>		5,392	5,904	4,948	4,964
<b>Capital and reserves</b>					
Called up share capital	24	1,384	1,384	1,384	1,384
Share premium account	25	3,625	3,625	3,625	3,625
Revaluation reserve	25	115	115	-	-
Other reserves	25	(71)	407	-	-
Profit and loss reserves	25	339	373	(61)	(45)
<b>Total equity</b>		5,392	5,904	4,948	4,964

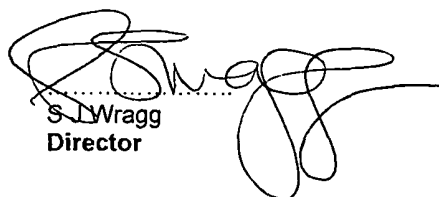
**CB IMPORTS GROUP LIMITED  
CONSOLIDATED AND COMPANY  
STATEMENTS OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2017**

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As permitted by section 408 Companies Act 2006, the company has not presented its own statement of comprehensive income. The company's loss for the year and total comprehensive income for the year was a loss of £16k (2016: £41k).

The financial statements were approved by the board of Directors and authorised for issue on 27/09/18 and are signed on its behalf by:

  
S.J. Wragg  
Director

# CB IMPORTS GROUP LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £'000	Share Premium account £'000	Revaluation reserve £'000	Hedging reserve £'000	Profit and loss reserve £'000	Total £'000
<b>Balance at 1 January 2016</b>		1,384	3,625	90	98	558	5,755
<b>Period ended 31 December 2016:</b>							
Loss for the year	25	-	-	-	-	(185)	(185)
Other comprehensive income net of taxation:							
Cash flow hedges gains arising in the year		-	-	-	369	-	369
Tax relating to other comprehensive income	10	-	-	25	(60)	-	(35)
<b>Balance at 31 December 2016</b>		1,384	3,625	115	407	373	5,904
<b>Period ended 31 December 2017:</b>							
Loss for the year	25	-	-	-	-	(34)	(34)
Other comprehensive income net of taxation:							
Cash flow hedges losses arising in the year		-	-	-	(576)	-	(576)
Tax relating to other comprehensive income		-	-	-	98	-	98
<b>Total comprehensive income for the year</b>		-	-	-	(478)	(34)	(512)
<b>Balance as at 31 December 2017</b>		1,384	3,625	115	(71)	339	5,392

# CB IMPORTS GROUP LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £'000	Share Premium Account £'000	Revaluation reserve £'000	Other reserve £'000	Profit and loss reserve £'000	Total £'000
Balance at 1 January 2016		1,384	3,625	-	-	(4)	5,005
Year ended 31 December 2016							
Loss for the year		-	-	-	-	(41)	(41)
Balance at 31 December 2016		<u>1,384</u>	<u>3,625</u>	<u>-</u>	<u>-</u>	<u>(45)</u>	<u>4,964</u>
Year ended 31 December 2017							
Loss for the year		-	-	-	-	(16)	(16)
Balance at 31 December 2017		<u><u>1,384</u></u>	<u><u>3,625</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>(61)</u></u>	<u><u>4,948</u></u>



# CB IMPORTS GROUP LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £'000	2016 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	26	562	781
Interest paid		(232)	(564)
Interest received		-	-
Income taxes paid		-	(4)
<b>Net cash from operating activities</b>		<u>330</u>	<u>213</u>
<b>Investing activities</b>			
Purchase of intangible assets		(66)	(179)
Purchase of tangible fixed assets		(192)	(84)
Proceeds on disposal of fixed assets		10	30
<b>Net cash used in investing activities</b>		<u>(248)</u>	<u>(233)</u>
<b>Financing activities</b>			
Proceeds of new borrowings		119	20
Repayment of borrowings		(67)	(480)
Repayment of obligations under finance leases		(66)	(92)
<b>Net cash used in financing activities</b>		<u>(14)</u>	<u>(552)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>68</u>	<u>(572)</u>
<b>Cash and cash equivalents at beginning of year</b>		1,520	2,092
Effect of foreign exchange rate changes		-	-
<b>Cash and cash equivalents at end of year</b>	26	<u><u>1,588</u></u>	<u><u>1,520</u></u>
<b>Relating to:</b>			
Bank balances and short term deposits included in cash at bank and in hand		<u>1,588</u>	<u>1,520</u>

# CB IMPORTS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1 Accounting policies

##### Company information

CB Imports Group Limited ("the company") is a company limited by shares, domiciled and incorporated in England and Wales. The registered office and place of business is Ardsley Mills, Common Lane, East Ardsley, Wakefield, WF3 2DW.

The Group consists of CB Imports Group Limited and all of its subsidiaries.

The Company's and the Group's principal activities are disclosed in the Directors' Report.

##### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value.

The consolidated financial statements are presented in sterling which is the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest whole £'000, except where otherwise indicated.

##### Basis of consolidation

The consolidated financial statements incorporate those of CB Imports Group Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 December 2017.

All intra-Group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs.

The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

# CB IMPORTS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1 Accounting policies (continued)

##### **Going concern**

The financial statements have been prepared on a going concern basis. The Directors have considered how the Group will meet the challenges presented by the current economic climate and have carried out a detailed review of the Group's resources including the adequacy of working capital for the next twelve months. The Directors are satisfied that although the Group made a loss in the year, it has sufficient cash flows to meet its liabilities as they fall due for at least one year from the date of approval of the financial statements. The Group renewed its banking facilities after the year end and the next review will be at 31 August 2019. The directors are confident that the banking facilities will be sufficient for the Group's working capital requirements. The directors consider that it is reasonable to rely on the continuing support of the Group's bankers and that banking covenants will be satisfied going forwards. The directors have prepared detailed cash flow and profit forecasts to allow them to conclude this statement.

##### **Turnover**

Turnover is recognised either on despatch of goods or point of sale at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

##### **Other Income**

###### *Interest Income*

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

##### **Intangible fixed assets - goodwill**

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill shall be considered to have a finite useful life, and shall be amortised on a systematic basis over its life. Goodwill is amortised on a 5% straight line basis.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is subsequently reversed if, and only if, the reasons for the impairment loss have ceased to apply.

##### **Intangible fixed assets other than goodwill**

Intangible assets arising on a business combination are recognised, except where the asset arises from legal or contractual rights, and there is no history or evidence of exchange transactions for the same or similar assets and estimating the asset's fair value would depend on immeasurable variables.

# CB IMPORTS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1 Accounting policies (continued)

##### **Intangible fixed assets other than goodwill (continued)**

Intangible assets are initially recognised at cost (which for intangible assets acquired in a business combination is the fair value at acquisition date) and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:-

Software	7 years straight line
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Amortisation is revised prospectively for any significant change in useful life or residual value.

On disposal the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

##### **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 basis:

Freehold property	N/A
Leasehold property	25% straight line
Fixtures, fittings and equipment	10% - 20% on cost
Equipment	33.3% on cost
Motor vehicle	25% on cost

Freehold and long leasehold land and buildings are included in the balance sheet at their market value and no depreciation is applied. Although this accounting policy is a departure from the general requirements of the Companies Act 2006 for all tangible assets to be depreciated, it is considered that in accordance with FRS102: Section 17 Property, Plant and Equipment depreciation is immaterial due to the residual values and very long useful economic lives of these properties, as a result of the Company's policy of maintenance and repair, and hence it is not provided. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been changes cannot be separately identified or quantified.

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.

##### **Revaluation**

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity, such gains and loss are recognised in the income statement.

# CB IMPORTS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1 Accounting policies (continued)

##### **Fixed asset investments**

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the income statement.

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

##### **Impairment of fixed assets**

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

##### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration is measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

# CB IMPORTS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1 Accounting policies (continued)

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

Cash and cash equivalents 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.

##### **Financial instruments**

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the Company becomes party to the contractual provisions of the instrument.

##### **Financial assets**

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables, 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. Other financial assets classified as fair value through profit or loss are measured at fair value.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

##### **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 carry 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 the income statement.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it 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.

##### **Financial liabilities**

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction including trade and other payables, bank loans and loans from fellow group companies that are classed as debt, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

# CB IMPORTS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1 Accounting policies (continued)

##### ***Other financial liabilities***

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 finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

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

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

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

Equity instruments issued by the Group 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 Group.

##### ***Derivatives***

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

##### ***Hedge accounting***

The Group designates certain hedging instruments, including derivatives, as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item along with risk management objectives and strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

##### ***Cash flow hedges***

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income.

The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line in this item.

# CB IMPORTS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1 Accounting policies (continued)

##### **Hedge accounting (continued)**

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in the profit or loss in the same line as of the income statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability concerned.

##### **Taxation**

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

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

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

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

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

Deferred tax is recognised on income or expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the Group to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.



# CB IMPORTS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1 Accounting policies (continued)

##### **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 Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### **Retirement benefits**

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

##### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

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.

##### **Foreign exchange**

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

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

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

# CB IMPORTS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### **2 Judgements and key sources of estimation uncertainty**

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

##### ***Lease classification***

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Group as lessee, or the lessee, where the Group is a lessor.

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.

##### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### ***Useful economic lives of assets***

The annual amortisation charge for intangible assets and the depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the intangible assets, note 13 for the carrying amount of the property plant and equipment, and note 1 for the useful economic lives for each class of assets.

##### ***Inventory provisioning***

The Group sells artificial flowers and greenery, homewares, florists' sundries and associated products and is subject to changing consumer demands and fashion trends. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of the stock lines depending on the age of these. See note 15 for the net carrying amount of the inventory and associated provision.

##### ***Impairment of debtors***

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

##### ***Hedge accounting***

The Group aims to cover for approximately twelve months' purchases of imported stock items by forward purchasing foreign currency contracts. The overall objective is to naturally manage the inherent risk associated with the exchange rate movement on the business as a result of the large proportion of the good sold being imported and the potential for significant fluctuations in the exchange rate. Hedge accounting is adopted to minimise the uncertainty surrounding forward purchasing stock items in foreign currency. The assessment of hedge effectiveness requires management to make estimates.

# CB IMPORTS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 3 Turnover

An analysis of the Group's turnover is as follows:

	2017 £'000	2016 £'000
<b>Class of business</b>		
Importing and wholesaling of artificial flowers and greenery, homewares, florists' sundries and associated products – continued operations	21,237	21,194
Importing and wholesaling of artificial flowers and greenery, homewares, florists' sundries and associated products – discontinued operations	-	48
	<u>21,237</u>	<u>21,242</u>
<b>Other significant revenue</b>		
Interest income	-	-
Rental income	70	66
Management charges receivable	202	213
	<u>272</u>	<u>279</u>
<b>Turnover analysed by geographical market</b>		
	2017 £'000	2016 £'000
United Kingdom	20,725	20,814
Overseas	512	428
	<u>21,237</u>	<u>21,242</u>

# CB IMPORTS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

4	Operating profit	2017 £'000	2016 £'000
	Operating profit is stated after charging/(crediting):		
	Depreciation of owned tangible fixed assets	208	245
	Depreciation of tangible fixed assets held under finance leases	85	79
	Profit on disposal of tangible fixed assets	(10)	(18)
	Amortisation of intangible assets	194	165
	Cost of stocks recognised as an expense	11,267	10,997
	Impairment of stocks recognised	287	163
	Operating lease charges	649	669

5	Auditor's remuneration	2017 £'000	2016 £'000
	Fees payable to the company's auditor and its associates		
	<b>For audit services:</b>		
	Audit of the Group's, company's and company's subsidiaries financial statements	18	21
	<b>For other services:</b>		
	Audit-related assurance services	2	4
	Taxation compliance services	2	4
		4	8

#### 6 Employees

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

	2017 No	2016 No
Selling and distribution staff	263	297
Administrative staff	33	32
Management staff	11	11
	307	340

Their aggregate remuneration comprised:

	2017 £'000	2016 £'000
Wages and salaries	4,879	4,915
Social security costs	350	363
Pension costs	63	40
	5,292	5,318

The company had no employees during the year (2017: nil).

# CB IMPORTS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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7	Directors' remuneration	2017 £'000	2016 £'000
	Remuneration for qualifying services	217	256
	Company contributions to defined contribution pension schemes	25	25
		<u>242</u>	<u>281</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2016 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director

	2017 £'000	2016 £'000
Remuneration for qualifying services	136	147
	<u>135</u>	<u>147</u>
Company contributions to defined contribution pension schemes	24	24
	<u>160</u>	<u>171</u>

8	Interest receivable and similar income	2017 £'000	2016 £'000
	Interest on bank deposits	-	-
		<u>-</u>	<u>-</u>
9	Interest payable and similar charges	2017 £'000	2016 £'000
	Interest on bank overdrafts and loans	218	163
	Interest on finance leases and hire purchase contracts	14	17
	Foreign exchange on financing	70	384
		<u>302</u>	<u>564</u>

Foreign exchange on financing has arisen as a result of unprecedented exchange rate fluctuations triggered by the EU Referendum in June 2016.

# CB IMPORTS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

10	Taxation	2017 £'000	2016 £'000
	<b>Current tax</b>		
	UK corporation tax on profits for the current period	4	-
	Adjustments in respect of prior periods	2	-
	Total current tax	<u>6</u>	<u>-</u>
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	(20)	(27)
	Changes in tax rates	(1)	(4)
	Adjustment in respect of prior periods	-	4
	Total deferred tax	<u>(21)</u>	<u>(27)</u>
	Total tax charge	<u>(15)</u>	<u>(27)</u>

The charge for the year can be reconciled to the profit per the income statement as follows:

	2017 £'000	2016 £'000
Loss before taxation	<u>(49)</u>	<u>(212)</u>
Expected tax charge based on a corporation tax rate of 19.25% (2016: 20%)	(9)	(42)
Tax effect of expenses that are not deductible in determining taxable profit	3	10
Adjustment in respect to prior period	2	5
Losses brought forward and utilised in the period	(13)	-
Difference in tax rates	2	-
Tax expense for the year	<u>(15)</u>	<u>(27)</u>

In addition to the amount charged to profit or loss, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2017 £'000	2016 £'000
Deferred tax arising on:		
Revaluation of property	-	(25)
Revaluation of financial instruments treated as cash flow hedges	(98)	60
	<u>(98)</u>	<u>35</u>

# CB IMPORTS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

11	Dividends	2017 £'000	2016 £'000
	Ordinary:		
	Final paid	-	-
		-	-
		-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>

Dividends were paid during the year of £nil (2016 - £nil) per Ordinary share.

### 12 Intangible assets

Group	Goodwill £'000	Software £'000	Total £'000
<b>Cost</b>			
1 January 2017	240	1,297	1,537
Additions	-	66	66
31 December 2017	<u>240</u>	<u>1,363</u>	<u>1,603</u>
<b>Amortisation and impairment</b>			
1 January 2017	135	572	707
Amortisation charged in the year	12	182	194
31 December 2017	<u>147</u>	<u>754</u>	<u>901</u>
<b>Carrying amount</b>			
31 December 2017	<u>93</u>	<u>609</u>	<u>702</u>
31 December 2016	<u>105</u>	<u>725</u>	<u>830</u>

The company held no intangible assets during 2016 or 2017.

**CB IMPORTS GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**13 Tangible fixed assets**

Group	Freehold property	Leasehold Property	Fixtures, fittings and equipment	Equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>						
1 January 2017	4,185	107	3,173	718	552	8,735
Additions	74	-	83	10	25	192
Disposals	-	-	-	-	(45)	(45)
31 December 2017	4,259	107	3,256	728	532	8,882
<b>Depreciation and impairment</b>						
1 January 2017	-	99	2,621	658	442	3,820
Depreciation charged in the year	-	1	179	34	79	293
Disposals	-	-	-	-	(45)	(45)
31 December 2017	-	100	2,800	692	476	4,068
<b>Carrying amount</b>						
31 December 2017	4,259	7	456	36	56	4,814
31 December 2016	4,185	8	552	60	110	4,915

The company held no tangible fixed assets during 2016 and 2017.



# CB IMPORTS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 13 Tangible fixed assets (continued)

The net carrying value of tangible fixed assets included the following in respect of assets held under finance leases or hire purchase contract. The depreciation charge in respect of such assets amounted to £85k (2016 - £79k) for the year.

	2017 £'000	2016 £'000
Fixtures, fitting and equipment	33	66
Motor vehicles	44	86
	<u>77</u>	<u>152</u>

Freehold property with a carrying amount of £4,259k was revalued at 31 December 2015 by CBRE, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

At 31 December 2017, had the revalued assets been carried at historic cost less accumulated depreciation and accumulated impairment losses, their carrying amount would have been approximately £4,312k (2016 - £3,680k).

	2017 £'000	2016 £'000
Cost	4,391	3,759
Accumulated depreciation	(79)	(79)
Carrying value	<u>4,312</u>	<u>3,680</u>

The revaluation surplus is disclosed in the Statement of Changes in Equity.

#### 14 Fixed assets investments

	2017 £'000	2016 £'000
<b>Company</b>		
Investments in subsidiaries	8,291	8,291

#### Movements in fixed asset investments

	Investment in subsidiaries £'000
<b>Cost</b>	
At 1 January 2017 & 31 December 2017	8,291
<b>Carrying amount</b>	
At 1 January 2017	8,291
At 31 December 2017	8,291

# CB IMPORTS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 14 Fixed assets investments (continued)

##### Subsidiary undertakings

Details of the company's subsidiaries at 31 December 2017 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
CB Imports Limited	England	Wholesaler of artificial flowers, giftware and accessories	100.00	-
Bantock Flowers Limited*	England	Dormant	-	100.00
Country Baskets Limited*	England	Dormant	-	100.00
Peter Harvey Floral Art Products Limited*	England	Dormant	-	100.00

\*owned via CB Imports Limited

All subsidiary undertakings are registered at the same address as CB Imports Group Limited.

#### 15 Stocks

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Finished goods and goods for resale	5,809	5,496	-	-
	<u>5,809</u>	<u>5,496</u>	<u>-</u>	<u>-</u>

Finished goods and goods for resale with a carrying value of £6,244k (2016: £5,644k) have been written down to £5,809k (2016: £5,496k). Earlier stock write down has been reversed during the current, or preceding, period.

#### 16 Debtors

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
<b>Amounts falling due within one year:</b>				
Trade debtors	735	647	-	-
Derivative financial instruments	-	490	-	-
Other debtors	546	804	-	-
Prepayments and accrued income	446	446	-	-
Deferred tax asset (note 22)	96	-	-	-
	<u>1,823</u>	<u>2,387</u>	<u>-</u>	<u>-</u>

Trade debtors includes a provision of £102k (2016: £50k) in respect of customers where customers are known to be in financial difficulty and from who payment is overdue. Included in other debtors is an amount of £312k (2016: £550k) relating to goods ordered or in transit.

# CB IMPORTS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

17	Creditors: amounts falling due within one year	Group		Company	
		2017 £'000	2016 £'000	2017 £'000	2016 £'000
	Bank loans	4,590	4,355	-	-
	Obligations under finance leases	69	62	-	-
	Trade creditors	1,426	1,688	-	-
	Corporation tax payable	6	-	-	-
	Other taxation and social security	644	421	-	-
	Amounts due to fellow Group undertakings	-	-	3,343	3,327
	Other creditors	439	376	-	-
	Accruals and deferred income	133	110	-	-
	Derivative financial instruments	86	-	-	-
		<u>7,393</u>	<u>7,012</u>	<u>3,343</u>	<u>3,327</u>

Guarantee dated October 2012 in favour of HM Revenue & Customs for £200k.

Other creditors include advances from factors of £366k (2016: £316k) which are secured by a charge over assigned book debts.

18	Creditors: amounts falling due after one year	Group		Company	
		2017 £'000	2016 £'000	2017 £'000	2016 £'000
	Bank loans	1,805	2,107	-	-
	Obligations under finance leases	147	102	-	-
		<u>1,952</u>	<u>2,209</u>	<u>-</u>	<u>-</u>

# CB IMPORTS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 19 Financial instruments

The carrying amounts of the Group and Company's financial instruments at 31 December were:

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	1,280	1,451	-	-
Instruments measured at fair value through profit and loss	-	490	-	-
Equity instruments measured at cost less impairment	-	-	8,291	8,291
	<u>1,280</u>	<u>1,941</u>	<u>8,291</u>	<u>8,291</u>

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
<b>Carrying amount of financial liabilities</b>				
Bank loans	6,395	6,462	-	-
Obligations under finance leases	217	164	-	-
Trade creditors	1,426	1,688	-	-
Amounts due to fellow Group undertakings	-	-	3,343	3,327
Other creditors	439	377	-	-
Accruals and deferred income	134	110	-	-
Instruments measured at fair value through profit and loss	86	-	-	-
	<u>8,697</u>	<u>8,801</u>	<u>3,343</u>	<u>3,327</u>

#### *Foreign Exchange Forward Contracts*

The majority of the Group's cost of goods sold relates to transactions conducted in US Dollars. As a consequence the Group uses foreign currency forward contracts to manage the foreign change risk of future transactions and cash flows.

The contracts are valued based on available market data. The Group has adopted to cashflow hedge account for forward exchange contracts and, consequently, fair value gains and losses are recognised in the Statement of Comprehensive Income.

# CB IMPORTS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 19 Financial instruments (continued)

At the year end, the total carrying amount of outstanding foreign exchange forward contracts that the Group has committed to are as follows:

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
US Dollars	3,046	4,429	-	-

20	Borrowings	2017 £'000	2016 £'000
	Bank loans	2,234	2,536
	Import loans	4,161	3,926
		<u>6,395</u>	<u>6,462</u>
	Payable within one year	4,590	4,355
	Payable after one year	1,805	2,107
		<u></u>	<u></u>
	Amounts included above which fall due after five years:		
	Payable by instalments	393	393
		<u></u>	<u></u>

Both loans are secured by a number of fixed and floating charges over all of the Group's assets, a first legal charge and second legal charge over the freehold and long leasehold properties, a first legal charge over Life and Pensions Policies, a charge over Contract Monies, a general letter of pledge and an unlimited multilateral guarantee and legal charge over the issued share capital of Country Baskets Limited, a wholly owned subsidiary.

The amount outstanding, payable by instalment over 5 years is a commercial mortgage, secured on the property of the business. This loan will be repaid in full by monthly instalments within the next 6 years.

Interest is charged at 2% per annum over the Bank of England Base Rate.

# CB IMPORTS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

21	Finance lease obligations	Group		Company	
		2017 £'000	2016 £'000	2017 £'000	2016 £'000
	Future minimum lease payments due under finance lease:				
	Less than one year	69	62	-	-
	Between one and five years	147	102	-	-
		<u>216</u>	<u>164</u>	<u>-</u>	<u>-</u>

Obligations under finance leases are secured on the assets for which the agreement relates to.

Finance lease agreements are standard commercial Hire Purchase contracts with average terms of 4 years at rates between 4% and 8%.

22	Provision for liabilities	Group		Company	
		2017 £'000	2016 £'000	2017 £'000	2016 £'000
	Deferred tax liabilities	-	23	-	-

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Deferred tax (asset)/ liabilities:				
Accelerated capital allowances	(8)	12	-	-
Tax losses	(195)	(193)	-	-
Revaluations	121	121	-	-
Stock provision	-	-	-	-
Forward contracts	(14)	83	-	-
	<u>(96)</u>	<u>23</u>	<u>-</u>	<u>-</u>

### 23 Retirement benefit schemes

#### Defined contribution schemes

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

The charge to the income statement in respect of defined contribution schemes was £63k (2016 - £40k).

Contributions totalling £8k (2016 - £1k) were payable to the fund at the year end and are included in creditors.

# CB IMPORTS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 24 Share capital

	3,270 ordinary A shares of 10p each Number	6,680 ordinary B shares of 10p each Number	3,890 ordinary C shares of 10p each Number	Total Number
Allotted, issued and fully paid: 1 January 2017	327	668	389	1,384
31 December 2017	327	668	389	1,384

#### *Ordinary share rights*

The shares each attract different rights to dividends. Until the 31 December 2017 in the event of a return of capital, the Ordinary A and Ordinary B shareholders received a preferential share in any surplus on net assets. After this time all shareholders would rank pari passu in the event of a return of capital. The shares rank pari passu in all other respects.

#### 25 Reserves

##### **Share premium**

Consideration received for shares issued above their nominal value net of transaction costs.

##### **Revaluation reserve**

The cumulative revaluation gains and losses in respect of land and buildings, except revaluation gains and losses recognised in profit or loss.

##### **Other reserve**

The nominal value of shares repurchased and still held at the end of the reporting period.

The gains and losses arising on forward exchange contracts which have been designated as hedges for hedge accounting purposes.

##### **Profit and loss reserve**

Cumulative profit and loss net of distributions to owners.

# CB IMPORTS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 26 Cash generated from operations

	2017 £'000	Group 2016 £'000
Loss for the year	(32)	(185)
<b>Adjustments for:</b>		
Income tax expense recognised in profit or loss	(15)	(27)
Finance costs recognised in profit or loss	232	564
Investment income recognised in profit or loss	-	-
Amortisation and impairment of intangible assets	193	165
Profit on disposal of tangible fixed assets	(10)	(18)
Depreciation and impairment of tangible fixed assets	293	324
<b>Operating cash flows before movements in working capital</b>	<b>661</b>	<b>823</b>
(Increase)/decrease in stock	(313)	118
Decrease in trade and other debtors	169	24
Decrease/(increase) in trade and other creditors	45	(184)
<b>Cash generated from operations</b>	<b>562</b>	<b>781</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents represent:		
Cash at bank	1,588	1,520

#### 27 Financial commitments, guarantees and contingent liabilities

At the year end, the Group had a contingent liability due to a guarantee letter provided to the bank. The estimate of the financial effect of this is £200K as at 31 December 2017 (2016 - £100k) should the guarantee need to be exercised.

A cross guarantee and debenture is in place between Country Baskets Limited, CB Imports Limited and CB Imports Group Limited.

Guarantee dated 17 October 2012 in favour of HM Revenue & Customs for £200k.



# CB IMPORTS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 28 Operating lease commitments

##### The Group as a lessee:

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

	2017 £'000	2016 £'000
<b>Amounts due:</b>		
Within one year	598	581
Between one and five years	994	1,380
In over five years	-	158
	<u>1,592</u>	<u>2,119</u>

#### 29 Related party transactions

During the year the Group made recharges for administration services provided to Chrysal UK Limited, a company in which S Wood and S J Wragg were directors of during the year, totalling £114k (2016 - £109k). It also made purchases of £61k (2016 - £74k) during the year. At the year end there was a balance of £30k (2016 - £42k) due from Chrysal UK Limited.

During the year the Company paid director's fees to Adsum Limited, a company in which R Steele is a director and shareholder, totalling £6k (2016 - £22k). R Steele is a Director of CB Imports Group Limited. At the year end there was a balance of £nil (2016 - £nil) owed to Adsum Limited.

The Company and the Group are exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group.

Dividends totalling £nil (2016 - £nil) were payable to directors of the Company in respect of the dividend declaration made in the year.

##### Remuneration of key management personnel

The remuneration of key management personnel is as follows:

	2017 £'000	2016 £'000
Aggregate compensation	<u>286</u>	<u>353</u>

#### 30 Capital Commitments

Capital commitments as at the year end amounted to £nil (2016: £70k) contracted for but not provided in the financial statements.