Registered number: 10689517

# M.K.M. BUILDING SUPPLIES (NEWENT) LIMITED

## DIRECTORS' REPORT AND FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 SEPTEMBER 2018

## COMPANY INFORMATION

| | |
|---|---|
| **Directors** | D R Kilburn<br>M J Smith |
| **Registered number** | 10689517 |
| **Registered office** | Stoneferry Road<br>Hull<br>East Yorkshire<br>HU8 8DE |

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# DIRECTORS' REPORT
# FOR THE YEAR ENDED 30 SEPTEMBER 2018

The directors present their report and the financial statements for the year ended 30 September 2018.

**Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 judgments 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 Company will continue in business.

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

**Directors**

The directors who served during the year were:

D R Kilburn
M J Smith

**Disclosure of information to auditors**

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

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

**Auditors**

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

**Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

**DIRECTORS' REPORT (CONTINUED)**
**FOR THE YEAR ENDED 30 SEPTEMBER 2018**

This report was approved by the board on 12 February 2019 and signed on its behalf.

M J Smith
Director

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF M.K.M. BUILDING SUPPLIES (NEWENT) LIMITED**

## Report on the audit of the financial statements

### Opinion

In our opinion M.K.M. Building Supplies (Newent) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2018 and its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 30 September 2018; the profit and loss account, the statements of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

*Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

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

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF M.K.M. BUILDING SUPPLIES (NEWENT) LIMITED

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

*Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the period ended 30 September 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

### Responsibilities for the financial statements and the audit

*Responsibilities of directors for the financial statements*

As explained more fully in the Directors' responsibilities statement set out on page 1, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

*Auditors' responsibilities for the audit of the financial statements*

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

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF M.K.M. BUILDING SUPPLIES (NEWENT) LIMITED

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

*Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

**Entitlement to exceptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Ian Plunkett FCA (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors
29 Wellington Street
Leeds

12 February 2019

## PROFIT AND LOSS ACCOUNT
## FOR THE YEAR ENDED 30 SEPTEMBER 2018

| | Note | 2018<br>£ | *2017*<br>*£* |
|---|---|---|---|
| Turnover | | **4,673,847** | *411,598* |
| Cost of sales | | **(3,516,299)** | *(310,489)* |
| **Gross profit** | | **1,157,548** | *101,109* |
| Administrative expenses | | **(1,216,684)** | *(298,498)* |
| **Operating loss** | 4 | **(59,136)** | *(197,389)* |
| Tax on loss | 7 | **6,777** | *37,907* |
| **Loss for the financial year** | | **(52,359)** | *(159,482)* |

There were no recognised gains and losses for 2018 or 2017 other than those included in the profit and loss account.

The notes on pages 10 to 24 form part of these financial statements.

# BALANCE SHEET
## AS AT 30 SEPTEMBER 2018

| | Note | | 2018 £ | | 2017 £ |
|---|---|---|---|---|---|
| Intangible assets | 8 | | **2,632** | | *1,238* |
| Tangible Fixed Assets | 9 | | **202,437** | | *231,664* |
| | | | **205,069** | | *232,902* |
| **Current assets** | | | | | |
| Stocks | 10 | **380,043** | | *315,511* | |
| Debtors | 11 | **918,033** | | *330,690* | |
| Cash at bank and in hand | 12 | **600** | | *500* | |
| | | **1,298,676** | | *646,701* | |
| Creditors: amounts falling due within one year | 13 | **(1,581,159)** | | *(1,022,737)* | |
| **Net current liabilities** | | | **(282,483)** | | *(376,036)* |
| **Total assets less current liabilities** | | | **(77,414)** | | *(143,134)* |
| **Provisions for liabilities** | | | | | |
| Provisions | 16 | **(114,427)** | | *(16,347)* | |
| | | | **(114,427)** | | *(16,347)* |
| **Net assets** | | | **(191,841)** | | *(159,481)* |
| **Capital and reserves** | | | | | |
| Called up share capital | | | **20,000** | | *1* |
| Profit and loss account | | | **(211,841)** | | *(159,482)* |
| | | | **(191,841)** | | *(159,481)* |

The Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

*The financial statements were approved and authorised for issue by the board and were signed on its behalf on* 12 February 2019.

MJS

**M J Smith**
Director

## STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 30 SEPTEMBER 2018

| | Called up share capital | Profit and loss account | Total equity |
|---|---|---|---|
| | £ | £ | £ |
| At 1 October 2017 | 1 | (159,482) | (159,481) |
| Loss for the year | - | (52,359) | (52,359) |
| Shares issued during the year | 19,999 | - | 19,999 |
| **At 30 September 2018** | **20,000** | **(211,841)** | **(191,841)** |

The notes on pages 10 to 24 form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 30 SEPTEMBER 2017

| | Called up share capital | Profit and loss account | Total equity |
|---|---|---|---|
| | £ | £ | £ |
| Loss for the period | - | (159,482) | (159,482) |
| Shares issued during the period | 1 | - | 1 |
| **At 30 September 2017** | **1** | **(159,482)** | **(159,481)** |

The notes on pages 10 to 24 form part of these financial statements.

## 1. General information

The Company is a Limited company, limited by shares, incorporated and domiciled in England, UK. The registered address of the M.K.M. Building Supplies (Newent) Limited is as per the Comany information.

The financial statements, for the year ended 30 September 2018 are prepared in accordance with United Kingdom generally accepted accounting practice (UK GAAP). The company's financial statements has been prepared in accordance with FRS101.

## 2. Accounting policies

### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

## 2. Accounting policies (continued)

### 2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- *the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment*
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
    - paragraph 79(a)(iv) of IAS 1;
    - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
    - paragraph 118(e) of IAS 38 Intangible Assets;
    - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
    - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

### 2.3 Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, M.K.M. Building Supplies (Group) Limited. The directors have received confirmation that M.K.M. Building Supplies (Group) Limited intends to support the company for at least one year after these financial statements are signed.

## 2. Accounting policies (continued)

### 2.4 Turnover

Revenue comprises the fair value of consideration receivable for goods and services supplied to external customers in the ordinary course of the company's activities and excludes inter-company revenue and value added tax. In general, revenue is recognised to the extent that it is subject to reliable measurement, that it is probable that economic benefits will flow to the company and that the significant risks and rewards of ownership have passed to the buyer. This generally arises when products have either been delivered to or collected by a customer and there is no unfulfilled obligation that could affect the acceptance of the products. Revenues are recorded based on the price specified in the sales invoices/contracts net of actual returns and any discounts granted.

### 2.5 Intangible assets

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

The estimated useful lives range as follows:

| | | |
|---|---|---|
| Software | - | 3 to 5 years |

### 2.6 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

| | |
|---|---|
| Leasehold Property | - Remaining period of lease |
| Plant & machinery | - Between 3 and 10 years |
| Fixtures & fittings | - Between 3 and 5 years |

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

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

### 2.7 Stock

Stocks are stated at the lower of cost and net realisable value. Cost is based on weighted average price and includes all expenditure incurred in acquiring the inventories and bringing them to their present location and condition. Net realisable value is the estimated proceeds of sale less all further costs to completion after making due allowance for obsolete and slow moving items.

## 2. Accounting policies (continued)

### 2.8 Supplier arrangements

Supplier incentives, rebates and discounts are collectively referred to as supplier income. Supplier income is recognised as a deduction from cost of sales on an accruals basis based on the expected entitlement which has been earned up to the year end date for each relevant supplier contract. The accrued incentives, rebates and discounts receivable at year end are included within other receivables. Where goods on which rebate has been earned remain in inventory at the year end, an appropriate rebate deduction is made from the gross balance sheet carrying value of that inventory. The rebate deduction is only released to the profit and loss account when the goods are ultimately sold.

### 2.9 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

**Financial assets**

The Company classifies all of its financial assets as loans and receivables.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Profit and loss account. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

**Financial liabilities**

The Company classifies all of its financial liabilities as liabilities at amortised cost.

**At amortised cost**

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance sheet.

## 2. Accounting policies (continued)

### 2.10 Cash and cash equivalents

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

### 2.11 Dividends

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

### 2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

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

### 2.13 Pensions

**Defined contribution pension plan**

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

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

### 2.14 Interest income

Interest income is recognised in the Profit and loss account using the effective interest method.

### 2.15 Provisions for liabilities

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

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

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

## 2. Accounting policies (continued)

### 2.16 Current and deferred taxation

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

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

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

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

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

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

Supplier arrangements - supplier rebates

The value of supplier rebates included in the income statement is generally calculated by applying an agreed percentage to the gross supplier invoice price of the goods purchased. The majority of supplier rebates, are determined by reference to "guaranteed" rates of rebate, the remainder are subject to stepped targets, the net rebate percentage increasing as values or volumes purchased reach pre-agreed targets. A significant proportion of the rebate agreement are not co-terminus with the Group's year end and are on a calendar year as such caution is applied to ensure that suppler rebate income is not recognised until all the risk and rewards are guaranteed. Amounts receivable under most Supplier Arrangements are earned and settled monthly, although some agreements may also stipulate quarterly, bi-annual or annual payment.

As a result, the key judgements made are to determine the value of rebates to be immediately recognised in a profit and loss account.

## 4. Operating loss

The operating loss is stated after charging:

| | 2018 £ | 2017 £ |
|---|---|---|
| Depreciation of tangible fixed assets | 41,467 | 7,177 |
| Amortisation of intangible assets, including goodwill | 985 | 112 |
| Defined contribution pension cost | 7,554 | 1,311 |

## 5. Auditors' remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

| | 2018 £ | 2017 £ |
|---|---|---|
| Fees for the audit of the Company | 4,020 | 1,340 |
| | 4,020 | 1,340 |

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

## 6. Employees

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

| | 2018 No. | 2017 No. |
|---|---|---|
| Selling and distribution | 16 | 12 |
| Administration | 3 | 3 |
| | 19 | 15 |

## 7. Taxation

| | 2018 £ | 2017 £ |
|---|---|---|
| Group taxation relief | (6,086) | (37,616) |
| | (6,086) | (37,616) |
| **Total current tax** | (6,086) | (37,616) |
| **Deferred tax** | | |
| Origination and reversal of timing differences | (691) | (291) |
| **Total deferred tax** | (691) | (291) |
| **Taxation on loss on ordinary activities** | (6,777) | (37,907) |

**Factors affecting tax charge for the year/period**

The tax assessed for the year is higher than *(2017 - higher than)* the standard rate of corporation tax in the UK of 19% *(2017 - 19.5%)*. The differences are explained below:

| | 2018 £ | 2017 £ |
|---|---|---|
| Profit on ordinary activities before tax | (59,136) | (197,389) |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.5%) | (11,236) | (38,488) |
| **Effects of:** | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 4,378 | 539 |
| Other differences leading to an increase (decrease) in the tax charge | 81 | 42 |
| **Total tax charge for the year/period** | (6,777) | (37,907) |

**Factors that may affect future tax charges**

The Finance Act 2016 was enacted on 15 September 2016 and this included provision for a further reduction in the corporation tax rate to 17% (from 1 April 2020). Deferred tax is therefore provided at 17%.

## 8. Intangible assets

| | Software £ |
|---|---|
| **Cost** | |
| At 1 October 2017 | 1,350 |
| Additions - external | 2,379 |
| At 30 September 2018 | 3,729 |
| **Amortisation** | |
| At 1 October 2017 | 112 |
| Charge for the year | 985 |
| At 30 September 2018 | 1,097 |
| **Net book value** | |
| At 30 September 2018 | 2,632 |

## 9. Tangible fixed assets

| | Leasehold Property £ | Plant & machinery £ | Fixtures & fittings £ | Total £ |
|---|---|---|---|---|
| **Cost or valuation** | | | | |
| At 1 October 2017 | 64,801 | 140,658 | 33,381 | 238,840 |
| Additions | 4 | 12,239 | - | 12,243 |
| At 30 September 2018 | 64,805 | 152,897 | 33,381 | 251,083 |
| **Depreciation** | | | | |
| At 1 October 2017 | 803 | 4,558 | 1,817 | 7,178 |
| Charge for the year on owned assets | 3,241 | 28,217 | 10,010 | 41,468 |
| At 30 September 2018 | 4,044 | 32,775 | 11,827 | 48,646 |
| **Net book value** | | | | |
| At 30 September 2018 | 60,761 | 120,122 | 21,554 | 202,437 |

The net book value of land and buildings may be further analysed as follows:

| | 2018 £ |
|---|---|
| Long leasehold | 60,762 |
| | 60,762 |

## 10. Stocks

| | 2018<br>£ | *2017*<br>*£* |
|---|---|---|
| Finished goods and goods for resale | **380,043** | *315,511* |
| | **380,043** | *315,511* |

Finished goods and goods for resale are stated net of accumulated impairment of £17,659 (2017 - £Nil).

## 11. Debtors

| | 2018<br>£ | *2017*<br>*£* |
|---|---|---|
| Trade debtors | **890,653** | *309,884* |
| Other debtors | **3,005** | *8* |
| Prepayments and accrued income | **23,393** | *20,507* |
| Deferred taxation | **982** | *291* |
| | **918,033** | *330,690* |

## 12. Cash and cash equivalents

| | 2018<br>£ | *2017*<br>*£* |
|---|---|---|
| Cash at bank and in hand | **600** | *500* |
| | **600** | *500* |

## 13. Creditors: Amounts falling due within one year

| | 2018 £ | *2017 £* |
|---|---|---|
| Trade creditors | **(1)** | - |
| Amounts owed to group undertakings | **1,571,727** | *1,008,888* |
| Other creditors | **5,358** | *9,811* |
| Accruals and deferred income | **4,075** | *4,038* |
| | **1,581,159** | *1,022,737* |

Amounts owed to Group undertakings are interest free, unsecured and repayable on demand.

## 14. Financial instruments

| | 2018 £ | *2017 £* |
|---|---|---|
| **Financial assets** | | |
| Financial assets measured at fair value through profit or loss | **600** | *500* |
| Financial assets that are debt instruments measured at amortised cost | **893,658** | *309,892* |
| Financial assets that are equity instruments measured at cost less impairment | - | - |
| | **894,258** | *310,392* |
| **Financial liabilities** | | |
| Financial liabilities measured at amortised cost | **(1,575,800)** | *(1,012,926)* |

## 15. Deferred taxation

| | 2018 £ | *2017 £* |
|---|---|---|
| At beginning of year | **291** | - |
| Charged to profit or loss | **691** | *291* |
| **At end of year** | **982** | *291* |

## 15. Deferred taxation (continued)

The deferred tax asset is made up as follows:

| | 2018<br>£ | *2017*<br>*£* |
|---|---|---|
| Accelerated capital allowances | **982** | *291* |
| | **982** | *291* |

## 16. Provisions

| | Future minimum rent increase<br>£ |
|---|---|
| At 1 October 2017 | **16,347** |
| Utilised in year | **98,080** |
| **At 30 September 2018** | **114,427** |

## 17. Contingent liabilities

The company's principal bankers have committed facilities secured by fixed and floating charges over the assets of the Company.

The company has entered into an omnibus guarantee set off arrangement with other Group undertaking in respect of bank borrowings, which total £100,000,000 (2017 - £100,000,000).

## 18. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £7,554 (2017 - £1,311).

## 19. Commitments under operating leases

At 30 September 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2018 £ | 2017 £ |
|---|---|---|
| **Land and Buildings** | | |
| Not later than 1 year | **86,042** | *73,750* |
| Later than 1 year and not later than 5 years | **612,613** | *531,772* |
| Later than 5 years | **2,651,899** | *2,818,782* |
| | **3,350,554** | *3,424,304* |

| | 2018 £ | 2017 £ |
|---|---|---|
| **Other** | | |
| Not later than 1 year | **84,872** | *66,341* |
| Later than 1 year and not later than 5 years | **296,200** | *243,206* |
| Later than 5 years | **7,223** | *85,077* |
| | **388,295** | *394,624* |

## 20. Related party transactions

During the year shareholders made purchases from the company, on terms no better than available to all employees, and had amounts outstanding at the year end as follows. In addition, a management charge was made from the company's immediate parent:

| | 2018 Balance £ | 2017 Balance £ |
|---|---|---|
| | - | - |
| Amounts owed from M.K.M. Building Supplies Limited | **1,571,727** | *1,008,887* |
| Amounts owed to M.K.M. Building Supplies Limited | - | - |
| Management charge from M.K.M. Building Supplies Limited | - | - |

No provisions or write off to these balances has been made during the year (2017 - £Nil). The company holds no bank accounts. All transactions which are cash settled are made on the company's behalf by its immediate parent, M.K.M. Building Supplies Limited, with an associated balance due to or from M.K.M. Building Supplies Limited being recognised in the company.

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 SEPTEMBER 2018**

## 21. Controlling party

The parent undertaking of the largest group of undertakings for which consolidated group financial statements were drawn up and of which M.K.M. Building Supplies (Newent) Limited was a member, was M.K.M. Building Supplies (Group) Limited incorporated in England. The parent undertaking of the smallest such group was M.K.M. Building Supplies Limited, incorporated in England. M.K.M. Building Supplies Limited is also the immediate parent undertaking.

Publicly available financial statements for the parent company may be obtained from:

Stoneferry Road
Hull
HU8 8DE

The ultimate parent company is Mukah (BC) Sarl, a company incorporated in Luxemburg. The group is controlled by funds advised by Bain Capital Private Equity, L.P. and its affiliates.