

Company Registration No. 11583455 (England and Wales)

KKW (HOLDINGS) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

KKW (HOLDINGS) LIMITED

COMPANY INFORMATION

Directors	Mr M Razaq Mr I D Marley Mr J Iqbal
Secretary	Mr M Razaq
Company number	11583455
Registered office	Belmont Industrial Estate Belmont Durham DH1 1ST
Auditor	Azets Audit Services Bede House 3 Belmont Business Park Durham DH1 1TW

KKW (HOLDINGS) LIMITED

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KKW (HOLDINGS) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2020

The directors present the strategic report for the year ended 30 June 2020.

Fair review of the business

In the trading entity, turnover has reduced in comparison to the previous year as a direct result of the relocation of business premises and COVID-19 outbreak. Despite a fall in turnover, margins have increased and the directors are comfortable that results are good considering the market conditions in the year.

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management. Compliance with regulation, legal and ethical standards is a high priority for the company.

The principal risk to the company's subsidiary (as the trading entity within the group) is the general trading conditions across the retail sector as a whole.

The result of the Brexit vote and the subsequent effect on the euro exchange rate continues to be a key risk for the business. The business is attempting to manage the risk as best it can by limiting exposure to exchange rate fluctuations wherever possible.

The risks to UK economic growth remain unclear and future prospects may be influenced by developments in the Eurozone.

Whilst COVID-19 continues to impact on society in general, the directors point toward the performance of the business both during the year end and in the future. Good and continued performance throughout the pandemic as well as improved profitability are seen as positives.

Development and performance

The results of the company and its subsidiary for the year and the financial position at the year end were considered less than satisfactory by the directors.

Future development could be significantly effected by the outcome over Brexit , but the directors remain confident and continue to seek avenues that will increase turnover and profitability through the trading entity.

The directors monitor orders on a daily basis to assess the performance of the business.

The directors intend to reduce the levels of stock held, in order to put themselves in a stronger buying position. This will allow the company to be more selective with purchases, enabling a stronger focus on gross profit margin.

Key performance indicators

In the trading entity, the directors continue to use the level of stock held , gross margins and turnover as key performance indicators of the business and monitor these on a regular basis.

Stock:- 2020: £2,370,972 (2019: £1,793,173)

Turnover:- 2020: £8,460,751 (2019: £14,653,997)

Gross profit margin:- 2020: 41.2% (2019: 34.3%)

The above shows that despite the difficult trading conditions the company has increased margins. The directors believe this shows the trading entity has been successful despite the difficult market conditions.

The directors have an increased focus on the products sold, however the geographical mix of turnover does also affect the margin.

KKW (HOLDINGS) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

On behalf of the board

Mr M Razaq

Director

19 February 2021

KKW (HOLDINGS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2020

The directors present their annual report and financial statements for the year ended 30 June 2020.

Principal activities

The principal activity of the company and group is that of a holding company and that of wholesalers.

Directors

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

Mr M Razaq
Mr I D Marley
Mr J Iqbal

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Auditor

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

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

On behalf of the board

Mr M Razaq
Director

19 February 2021

KKW (HOLDINGS) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

KKW (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KKW (HOLDINGS) LIMITED

Opinion

We have audited the financial statements of KKW (Holdings) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2020 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

KKW (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF KKW (HOLDINGS) LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept 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, 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.

KKW (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF KKW (HOLDINGS) LIMITED

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.

Colin Chater (Senior Statutory Auditor)
for and on behalf of Azets Audit Services
Chartered Accountants
Statutory Auditor

19 February 2021

Bede House
3 Belmont Business Park
Durham
DH1 1TW

KKW (HOLDINGS) LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 £	2019 £
Turnover	3	8,460,751	-
Cost of sales		(4,971,908)	-
Gross profit		3,488,843	-
Administrative expenses		(1,605,648)	-
Other operating income		112,398	-
Operating profit	4	1,995,593	-
Interest receivable and similar income	8	-	1,130,000
Interest payable and similar expenses	9	(1,558)	-
Profit before taxation		1,994,035	1,130,000
Tax on profit	10	(381,402)	-
Profit for the financial year	20	1,612,633	1,130,000

Profit for the financial year is all attributable to the owners of the parent company.

KKW (HOLDINGS) LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	£	£
Profit for the year	1,612,633	1,130,000
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,612,633</u>	<u>1,130,000</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

KKW (HOLDINGS) LIMITED

GROUP BALANCE SHEET

AS AT 30 JUNE 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	11		52,218		237,490
Current assets					
Stocks	14	2,370,972		1,793,123	
Debtors	15	14,912,836		14,729,647	
Cash at bank and in hand		2,548,724		1,282,764	
		<u>19,832,532</u>		<u>17,805,534</u>	
Creditors: amounts falling due within one year	16	<u>(1,230,206)</u>		<u>(967,065)</u>	
Net current assets			18,602,326		16,838,469
Total assets less current liabilities			<u>18,654,544</u>		<u>17,075,959</u>
Provisions for liabilities	17		<u>(9,922)</u>		<u>(43,970)</u>
Net assets			<u><u>18,644,622</u></u>		<u><u>17,031,989</u></u>
Capital and reserves					
Called up share capital	19		444		444
Profit and loss reserves	20		18,644,178		17,031,545
Total equity			<u><u>18,644,622</u></u>		<u><u>17,031,989</u></u>

The financial statements were approved by the board of directors and authorised for issue on 19 February 2021 and are signed on its behalf by:

Mr I D Marley
Director

Mr J Iqbal
Director

KKW (HOLDINGS) LIMITED

COMPANY BALANCE SHEET

AS AT 30 JUNE 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Investments	12		19,880,006		19,880,006
Current assets					
Debtors	15	1,130,444		1,130,444	
Creditors: amounts falling due within one year	16	(6)		(6)	
Net current assets			1,130,438		1,130,438
Total assets less current liabilities			21,010,444		21,010,444
Capital and reserves					
Called up share capital	19		444		444
Share premium account			19,880,000		19,880,000
Profit and loss reserves	20		1,130,000		1,130,000
Total equity			21,010,444		21,010,444

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £0 (2019 - £1,130,000 profit).

The financial statements were approved by the board of directors and authorised for issue on 19 February 2021 and are signed on its behalf by:

Mr I D Marley
Director

Mr J Iqbal
Director

Company Registration No. 11583455

KKW (HOLDINGS) LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 24 September 2018		-	-	-
Year ended 30 June 2019:				
Profit and total comprehensive income for the year		-	1,130,000	1,130,000
Issue of share capital	19	444	-	444
Acquired from subsidiary		-	15,901,545	15,901,545
Balance at 30 June 2019		444	17,031,545	17,031,989
Year ended 30 June 2020:				
Profit and total comprehensive income for the year		-	1,612,633	1,612,633
Balance at 30 June 2020		444	18,644,178	18,644,622

KKW (HOLDINGS) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 24 September 2018	-	-	-	-
Year ended 30 June 2019:				
Profit and total comprehensive income for the year	-	-	1,130,000	1,130,000
Acquired with subsidiary	444	19,880,000	-	19,880,444
Balance at 30 June 2019	444	19,880,000	1,130,000	21,010,444
Year ended 30 June 2020:				
Profit and total comprehensive income for the year	-	-	-	-
Balance at 30 June 2020	444	19,880,000	1,130,000	21,010,444

KKW (HOLDINGS) LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

		2020		2019	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	23	1,547,877		152,608	
Interest paid		(1,558)		-	
Income taxes paid		(335,260)		-	
Net cash inflow from operating activities		<u>1,211,059</u>		<u>152,608</u>	
Investing activities					
Purchase of tangible fixed assets		(36,000)		-	
Proceeds on disposal of tangible fixed assets		90,901		-	
Proceeds from other investments and loans		-		156	
Dividends received		-		1,130,000	
Net cash generated from investing activities			<u>54,901</u>		<u>1,130,156</u>
Net increase in cash and cash equivalents			<u>1,265,960</u>		<u>1,282,764</u>
Cash and cash equivalents at beginning of year			1,282,764		-
Cash and cash equivalents at end of year			<u><u>2,548,724</u></u>		<u><u>1,282,764</u></u>

KKW (HOLDINGS) LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash absorbed by operations	24		-	(1,129,994)	
Investing activities					
Purchase of subsidiaries		-	(19,880,000)		
Proceeds on disposal of subsidiaries		-	(6)		
Dividends received		-	1,130,000		
Net cash used in investing activities			-	(18,750,006)	
Financing activities					
Proceeds from issue of shares		-	19,880,000		
Net cash (used in)/generated from financing activities			-	19,880,000	
Net increase in cash and cash equivalents			-	-	
Cash and cash equivalents at beginning of year			-	-	
Cash and cash equivalents at end of year			-	-	

KKW (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

Company information

KKW (Holdings) Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Belmont Industrial Estate, Belmont, County Durham, DH1 1ST.

The group consists of KKW (Holdings) Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, 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 costs directly attributable to the business combination. 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. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated financial statements incorporate those of KKW (Holdings) Limited and all of its subsidiaries (ie 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 30 June 2020. 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.

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.

Kans and Kandy (Wholesale) Limited has been included in the group financial statements using the purchase method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of Kans and Kandy (Wholesale) Limited for the period from its acquisition on 25th June 2019. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

KKW (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

1.3 Going concern

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern. For example, the extent of the impact of Coronavirus are unclear and it is difficult to evaluate all the potential implications on the group's trade, customers, suppliers and the wider economy.

1.4 Turnover

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Tangible fixed assets

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

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

Fixtures and fittings	15% Reducing balance and straight line over 3 years
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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 recognised in the profit and loss account.

1.6 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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.

KKW (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

1.7 Impairment of fixed assets

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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

1.8 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 are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. 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.

1.9 Cash and cash equivalents

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

1.10 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 in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

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

Basic financial assets

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

KKW (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

Other financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

KKW (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

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.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.11 Taxation

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

Current tax

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

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

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

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

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

KKW (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

1.13 Retirement benefits

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

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leased asset are consumed.

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

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.

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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Slow moving stock

The directors provide for slow moving and obsolete stock based upon their knowledge and understanding of the market in which they operate. The current market conditions and consumer demand are also taken into account.

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Wholesale of cosmetics and beauty products	8,460,751	-

KKW (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

3	Turnover and other revenue	(Continued)	
		2020	2019
		£	£
	Other significant revenue		
	Dividends received	-	1,130,000
	Grants received	112,398	-
		<u>112,398</u>	<u>-</u>
		2020	2019
		£	£
	Turnover analysed by geographical market		
	UK	5,518,502	-
	Europe	2,355,589	-
	Worldwide	586,660	-
		<u>8,460,751</u>	<u>-</u>
4	Operating profit	2020	2019
		£	£
	Operating profit for the year is stated after charging/(crediting):		
	Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(6,648)	-
	Government grants	(112,398)	-
	Depreciation of owned tangible fixed assets	24,698	-
	Loss on disposal of tangible fixed assets	105,673	-
	Operating lease charges	136,296	-
		<u>136,296</u>	<u>-</u>
5	Auditor's remuneration	2020	2019
		£	£
	Fees payable to the company's auditor and associates:		
	For audit services		
	Audit of the financial statements of the group and company	10,000	6,500
		<u>10,000</u>	<u>6,500</u>

KKW (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

6 Employees

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

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Directors	3	3	-	-
Sales & Administration	8	8	-	-
Warehouse	11	10	-	-
	<u>22</u>	<u>21</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	525,042	-	-	-
Social security costs	50,742	-	-	-
Pension costs	9,458	-	-	-
	<u>585,242</u>	<u>-</u>	<u>-</u>	<u>-</u>

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	<u>26,217</u>	<u>-</u>

8 Interest receivable and similar income

	2020 £	2019 £
Income from fixed asset investments		
Income from shares in group undertakings	<u>-</u>	<u>1,130,000</u>

KKW (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

9 Interest payable and similar expenses

	2020	2019
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	9	-
Other finance costs:		
Other interest	1,549	-
	<u>1,558</u>	<u>-</u>
Total finance costs	<u>1,558</u>	<u>-</u>

10 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	415,450	-
	<u>415,450</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(34,048)	-
	<u>(34,048)</u>	<u>-</u>
Total tax charge	<u>381,402</u>	<u>-</u>

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

	2020	2019
	£	£
Profit before taxation	1,994,035	1,130,000
	<u>1,994,035</u>	<u>1,130,000</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	378,867	214,700
Tax effect of expenses that are not deductible in determining taxable profit	2,535	11,790
Tax effect of income not taxable in determining taxable profit	-	(226,490)
	<u>381,402</u>	<u>-</u>
Taxation charge	<u>381,402</u>	<u>-</u>

KKW (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

11 Tangible fixed assets

Group	Fixtures and fittings £
Cost	
At 1 July 2019	237,490
Acquired from subsidiary	36,000
Disposals	(474,149)
At 30 June 2020	(200,659)
Depreciation and impairment	
At 1 July 2019	-
Depreciation charged in the year	24,698
Eliminated in respect of disposals	(277,575)
At 30 June 2020	(252,877)
Carrying amount	
At 30 June 2020	52,218
At 30 June 2019	237,490

The company had no tangible fixed assets at 30 June 2020 or 30 June 2019.

12 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	13	-	-	19,880,006	19,880,006

Movements in fixed asset investments

Company	Shares in group undertakings £
Cost or valuation	
At 1 July 2019 and 30 June 2020	19,880,006
Carrying amount	
At 30 June 2020	19,880,006
At 30 June 2019	19,880,006

KKW (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

13 Subsidiaries

Details of the company's subsidiaries at 30 June 2020 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Kans and Kandy (Wholesale) Limited	England and Wales	Ordinary	100.00

14 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Finished goods and goods for resale	2,370,972	1,793,123	-	-

15 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	1,569,748	2,896,945	-	-
Corporation tax recoverable	3,844	3,844	-	-
Other debtors	13,318,392	11,815,805	1,130,444	1,130,444
Prepayments and accrued income	20,852	13,053	-	-
	14,912,836	14,729,647	1,130,444	1,130,444

16 Creditors: amounts falling due within one year

	Group 2020 £	2019 £	Company 2020 £	2019 £
Trade creditors	236,810	148,492	-	-
Corporation tax payable	417,069	336,879	-	-
Other taxation and social security	387,603	376,561	-	-
Other creditors	17,787	13	6	6
Accruals and deferred income	170,937	105,120	-	-
	1,230,206	967,065	6	6

KKW (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £
Group		
Accelerated capital allowances	9,922	43,970

The company has no deferred tax assets or liabilities.

	Group 2020 £	Company 2020 £
Movements in the year:		
Liability at 1 July 2019	43,970	-
Credit to profit or loss	(34,048)	-
Liability at 30 June 2020	9,922	-

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

18 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	9,458	-

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

19 Share capital

	Group and company 2020 £	2019 £
Ordinary share capital Issued and fully paid		
444 Ordinary shares of £1 each	444	444

KKW (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

20 Profit and loss reserves

	Group 2020 £	2019 £	Company 2020 £	2019 £
At the beginning of the year	17,031,545	-	1,130,000	-
Profit for the year	1,612,633	1,130,000	-	1,130,000
Acquired with subsidiary	-	15,901,545	-	-
At the end of the year	<u>18,644,178</u>	<u>17,031,545</u>	<u>1,130,000</u>	<u>1,130,000</u>

21 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for its property. Leases are negotiated for an average term of 10 years and rentals are fixed for an average of 10 years with an option to extend for a further 5 years at the prevailing market rate.

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:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Within one year	408,174	396,726	-	-
Between two and five years	1,562,784	1,562,784	-	-
In over five years	1,660,458	1,953,480	-	-
	<u>3,631,416</u>	<u>3,912,990</u>	<u>-</u>	<u>-</u>

22 Related party transactions

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Purchases 2020 £	2019 £
Group		
Marla Kosmeticks Grosshandel GMBH	<u>1,551,007</u>	<u>-</u>

KKW (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

22 Related party transactions

(Continued)

	2020	Rent payable 2019
	£	£
Group		
Other related parties	121,904	-

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2020 Balance	2019 Balance
	£	£
Group		
Marla Kosmetiks Grosshandel GMBH	30,644	30,644
Other related parties	13,287,304	11,784,717

Other information

Marla Kosmetiks Grosshandel GMBH is a German registered company.

The group has taken exemption from disclosing related party transactions with other group companies as publicly available consolidated accounts of the group have been filed.

Also during the year the group made donations of £135,000 (2018 £135,000) to Kans and Kandy (Wholesale) Charitable Trust, a charity in which the directors are all trustees.

23 Cash generated from group operations

	2020 £	2019 £
Profit for the year after tax	1,612,633	1,130,000
Adjustments for:		
Taxation charged	381,402	-
Finance costs	1,558	-
Investment income	-	(1,130,000)
Loss on disposal of tangible fixed assets	105,673	-
Depreciation and impairment of tangible fixed assets	24,698	-
Movements in working capital:		
Increase in stocks	(577,849)	(1,793,123)
Increase in debtors	(183,189)	-
Increase in creditors	182,951	1,945,731
Cash generated from operations	1,547,877	152,608

KKW (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

24 Cash absorbed by operations - company

	2020 £	2019 £
Profit for the year after tax	-	1,130,000
Adjustments for:		
Investment income	-	(1,130,000)
Movements in working capital:		
Increase in debtors	-	(1,130,000)
Increase in creditors	-	6
Cash absorbed by operations	<u>-</u>	<u>(1,129,994)</u>

25 Analysis of changes in net funds - group

	1 July 2019 £	Cash flows £	30 June 2020 £
Cash at bank and in hand	1,282,764	1,265,960	2,548,724
	<u>1,282,764</u>	<u>1,265,960</u>	<u>2,548,724</u>

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