Kimm & Miller (UK) Ltd

Registered number: 05964664

Directors' report and financial statements

For the year ended 28 February 2017

COMPANY INFORMATION

Directors	Ms R H Miller Mr D A Kimm Mr R M Kimm Mr D A Reich
Company secretary	Ms R H Miller
Registered number	05964664
Registered office	Unit E Bedford Business Centre Mile Road Bedford Bedfordshire MK42 9TW
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1FF

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STRATEGIC REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2017

Introduction

The directors present the strategic report and the financial statements for the year ended 28 February 2017.

Business review

This proved to be a challenging year with the Company coming to terms with the loss of a significant customer, Bhs, who accounted for 10.8% of the Company's Turnover in 2015/16 and the devaluation of Sterling by 16% following the BREXIT vote. The Directors had responded to these threats by cost efficiencies which mitigated the effects of these losses.

The Directors are satisfied with the performance of the Company during the year and with the Profit Before Tax of £426,873 for the year which was above their expectations.

Principal risks and uncertainties

There is a well-established process for managing risk with a senior management team in place that works closely with the Directors to identify uncertainties and to minimise risks. The Company has exposure to the following main areas of risk:

1. Market Conditions

Market conditions in which the Company operates continue to be challenging in the current economic climate with downward pressure on prices from customers and rising costs from suppliers. The Company's main focus has historically relied upon business from major multiple retailers in the UK grocers and department store sectors but changes in consumer spending patterns have seen Sales to the UK grocers falling and mixed fortunes for the department stores in recent years. The Company has adapted to changes in consumer behaviour by looking to other sectors in order to achieve growth, which has come from providing a distinct range of products to online and discount retailers. The Company has also expanded its portfolio of High Street Retailers.

The Company has forged strong partnerships with core suppliers to improve cost efficiencies and is continuing to extend the number of key brand licensing agreements in order to create innovative new product ranges to appeal to consumers in all retail sectors and to minimise the consequences of any loss of a key brand.

2. Liquidity

The objective of the Company in managing its liquidity risk is to maintain a tight control of Cash to ensure that the Company can meet its financial obligations as and when they fall due. The Company has a diverse source of funding that includes trade import loans; an invoice finance facility; a bank loan; and a loan from a Director that together provide a good level of flexibility in managing its liquidity position. The Directors expect these facilities to remain in place for at least the next 12 months and that the Company will continue to meet its financial obligations through these facilities.

The Company maintains strong system of accounting and financial management controls that encompass the preparation and regular review of profit forecasts, cash flow management and monthly analytical management accounts reporting. This series of controls focuses on Sales growth, improving trading profits and cost efficiencies to improve profitability as well as the liquidity of the Company.

3. Foreign Exchange Exposure

The Company is exposed to foreign currency exchange risks due to a significant proportion of direct costs being denominated in US Dollars. The exposure is closely monitored and is managed by hedging activity in the form of forward foreign exchange contracts, forward options and currency loans.

Following the UK's decision to leave the European Union and the resulting devaluation and uncertainties surrounding Sterling, the Company sought to reduce its exposure to foreign exchange in a bid to minimise the possibility of any significant currency exchange rate losses. The Company reduced its foreign exchange exposure for 2016/17 by 37% following a switch in some customers' delivery terms to a free-on-board basis and invoicing those Sales in US Dollars. It is anticipated that foreign exchange exposure will be reduced by 50% from 2016/17 to 2017/18 as further retail customers express an interest in free-on-board deliveries and being invoiced in US Dollars.

4. Food Safety and Product Quality

The Company sells food and hardware based products to consumers through various market sectors which will entail food safety and quality risks with a consequence of a potential costly product recall if the highest product standards are not met.

Having to work with high profile retailers and brand license owners on products that include food items stringent ethical, social, environmental and quality systems have to be in place to ensure the products are of a high standard. By setting up a UK technical team and having direct access to technical teams from Far East suppliers the Company has been able to implement strong technical standards on an on-going basis. This is done by using carefully selected suppliers; testing products in accredited laboratories to ensure products comply with all relevant standards; carrying out in-line and pre delivery inspections; using packing facilities that are BRC & ETI accredited; and ensuring the supply chain is audited by the retailers and other independent auditors.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2017

Financial key performance indicators

The Directors consider the key performance indicators to be Turnover, Gross Margin and Operating Profit.

Year-on-year Turnover fell for the first time in the current financial year since the Company's inception in 2006. The decrease from the previous financial year of £1.08m (7.5%) was as a direct consequence of the liquidation of Bhs who accounted for £1.58m of the Company's Turnover in 2015/16 and £Nil in 2016/17.

The Gross Margin has fallen from 20.1% in 2015/16 to 18.8% in 2016/17. The reduction has arisen following an increase in the Cost of Sales which is a direct consequence of the significant devaluation of Sterling after the UK voted to leave the European Union. With approximately 60% of the Company's Cost of Sales being paid in foreign currencies the Company's Gross Margin is greatly influenced by exchange rates. The full effect of the devaluation of Sterling was mitigated by the foreign exchange hedging activity and the identification of some efficiencies in direct costs incurred by the Company.

Steps were also taken to reduce Administrative Expenses which corresponded to a reduction of 18.5% from the previous year.

Despite the reduction in Turnover and Gross Margin, the overall reduction in Expenses has resulted in an increase in Operating Profit by £255,620 to £572,042.

This report was approved by the board on 30 May 2017 and signed on its behalf.

Mr R M Kimm
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2017

The directors present their report and the financial statements for the year ended 28 February 2017.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Principal activity

The company's principal activity is that of the design and sale of food and confectionery gift sets.

Results and dividends

The profit for the year, after taxation, amounted to £358,306 (2016 - £54,720).

Dividends paid during the year amounted to £195,000 (2016: £335,000).

Directors

The directors who served during the year were:

Ms R H Miller
Mr D A Kimm
Mr R M Kimm
Mr D A Reich

Charitable contributions

During the year the company made charitable donations of £1,460 (2016: £2,915).

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2017

Future developments

The Company's ethos ensures that it will maintain a reputation for a high standard of products and customer service whilst it promotes relationships with customers, suppliers and other business relationships with the aim of achieving profitable growth.

The Directors aim to drive profitable growth by investing in new brand licenses and working closely with customers in order to bring innovative products to the market.

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30 May 2017 and signed on its behalf.

Ms R H Miller
Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KIMM & MILLER (UK) LTD

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report. have audited the financial statements of Kimm & Miller (UK) Ltd for the year ended 28 February 2017 which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Ireland".

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 February 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KIMM & MILLER (UK) LTD

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Stephen Eames

Stephen Eames (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

30 May 2017

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2017

	Note	2017 £	2016 £
Turnover	3	13,299,720	14,381,033
Cost of sales		(10,795,488)	(11,484,946)
Gross profit		2,504,232	2,896,087
Administrative expenses		(2,233,272)	(2,739,342)
Exchange rate variances		301,082	159,677
Operating profit	4	572,042	316,422
Interest receivable and similar income	8	5,983	585
Interest payable and expenses	9	(151,152)	(221,930)
Profit before tax		426,873	95,077
Tax on profit	10	(68,567)	(40,357)
Profit for the financial year		358,306	54,720
Other comprehensive income for the year		-	-
Total comprehensive income for the year		358,306	54,720

BALANCE SHEET
AS AT 28 FEBRUARY 2017

	Note		28 February 2017 £		29 February 2016 £
Fixed assets					
Tangible assets	12		25,237		39,060
			25,237		39,060
Current assets					
Stocks	13	181,452		177,492	
Debtors: amounts falling due within one year	14	1,977,282		828,830	
Cash at bank and in hand	15	1,254,135		2,294,779	
		3,412,869		3,301,101	
Creditors: amounts falling due within one year	16	(1,513,832)		(1,458,884)	
Net current assets			1,899,037		1,842,217
Total assets less current liabilities			1,924,274		1,881,277
Creditors: amounts falling due after more than one year	17		(92,344)		(201,488)
Provisions for liabilities					
Deferred tax	20	(51,942)		(63,107)	
			(51,942)		(63,107)
Net assets			1,779,988		1,616,682
Capital and reserves					
Called up share capital	21		5		5
Profit and loss account	22		1,779,983		1,616,677
			1,779,988		1,616,682

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 May 2017.

Mr R M Kimm
Director

Mr D A Kimm
Director

The notes on pages 12 to 29 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 March 2015	5	1,896,957	1,896,962
Profit for the year	-	54,720	54,720
At 29 February 2016	-	54,720	54,720
Dividends: Equity capital	-	(335,000)	(335,000)
At 1 March 2016	5	1,616,677	1,616,682
Profit for the year	-	358,306	358,306
Dividends: Equity capital	-	(195,000)	(195,000)
At 28 February 2017	5	1,779,983	1,779,988

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28 FEBRUARY 2017

	28 February 2017 £	29 February 2016 £
Cash flows from operating activities		
Profit for the financial year	358,306	54,720
Adjustments for:		
Depreciation of tangible assets	26,898	28,462
Interest paid	151,152	208,456
Interest received	(5,983)	(585)
Taxation charge	68,567	40,357
(Increase)/decrease in stocks	(3,960)	56,841
(Increase)/decrease in debtors	(864,452)	993,547
(Decrease)/increase in creditors	(268,426)	27,933
Corporation tax paid	(40,358)	(37,715)
Net cash generated from operating activities	(578,256)	1,372,016
Cash flows from investing activities		
Purchase of tangible fixed assets	(13,075)	(5,223)
Sale of tangible fixed assets	-	1,321
Interest received	5,983	585
Net cash from investing activities	(7,092)	(3,317)
Cash flows from financing activities		
New secured loans	-	325,000
Repayment of loans	(109,144)	(11,230)
Dividends paid	(195,000)	(335,000)
Interest paid	(151,152)	(207,398)
Net cash used in financing activities	(455,296)	(228,628)
Net (decrease)/increase in cash and cash equivalents	(1,040,644)	1,140,071
Cash and cash equivalents at beginning of year	2,294,779	1,154,708
Cash and cash equivalents at the end of year	1,254,135	2,294,779
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,254,135	2,294,779
	1,254,135	2,294,779

1. Accounting policies

1.1 General information

Kimm & Miller (UK) Limited ('the company') is a Private Limited company incorporated in the United Kingdom. The address of its registered office and principal place of business is Unit E, Bedford Business Centre, Mile Road, Bedford, MK42 9TW.

The principal activity of the company is that of the design and sale of food and confectionery gift sets. These financial statements have been presented in Sterling as this is the currency of the primary economic environment in which the company operates.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

1.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

1. Accounting policies (continued)

1.4 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Leasehold improvements	- over the initial life of the lease
Fixtures & fittings	- 25% straight line
Computer equipment	- 25% straight line

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 Statement of comprehensive income.

1.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the period of the lease

1.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of comprehensive income.

1.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.8 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.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

1. Accounting policies (continued)

1.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

1.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2017

1. Accounting policies (continued)

1.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

1.12 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.13 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. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.14 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 Statement of comprehensive income 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.

1. Accounting policies (continued)

1.15 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

1.16 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

1.17 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 Statement of comprehensive income 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.

1.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, 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.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

In applying the Group's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.
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, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The key estimates and assumptions made in these accounts are:

Stock is provided for on a specific basis, based on the costs required to bring products into a saleable state.

Bad debts are provided for on a specific basis, based on management's best estimate of recoverable amounts.

Depreciation is calculated on a straight line basis, based on management's best estimate of the useful economic lives of assets. Depreciation policies can be seen in note 1.4.

Foreign currency contracts are valued at year end using the difference between the contract exchange rate and the year end exchange rate.

3. Turnover

An analysis of turnover by geographical market is as follows:

	2017 £	2016 £
United Kingdom	13,229,246	14,338,183
Rest of Europe	70,474	42,850
	13,299,720	14,381,033

All turnover relates to the sale of goods.

4. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	26,898	27,141
Exchange differences	(301,082)	(159,677)
Other operating lease rentals	130,719	128,444
Defined contribution pension cost	89,574	158,336

5. Auditor's remuneration

	2017 £	2016 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	9,650	9,450
	9,650	9,450
Fees payable to the Company's auditor and its associates in respect of:		
Other services relating to taxation	1,600	1,600
All other services	10,160	22,991
	11,760	24,591

6. Employees

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

	2017 £	2016 £
Wages and salaries	1,510,462	1,658,598
Social security costs	96,760	200,588
Cost of defined contribution scheme	89,574	158,336
	1,696,796	2,017,522

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

	2017 No.	2016 No.
	32	30

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2017

7. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	784,782	844,970
Company contributions to defined contribution pension schemes	49,949	121,600
	834,731	966,570

During the year retirement benefits were accruing to 3 directors (2016 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £249,978 (2016 - £302,029).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £20,585 (2016 - £19,365).

The directors consider the key management personnel in the business to be the directors only and as such have not disclosed the total remuneration of key management personnel separately.

8. Interest receivable

	2017 £	2016 £
Other interest receivable	5,983	585
	5,983	585

9. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	73,478	82,020
Other interest payable	77,674	139,910
	151,152	221,930

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2017

10. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	98,087	58,712
Adjustments in respect of previous periods	(18,355)	-
	79,732	58,712
Total current tax	79,732	58,712
Deferred tax		
Origination and reversal of timing differences	(7,659)	(10,209)
Changes to tax rates	(3,506)	(8,146)
Total deferred tax	(11,165)	(18,355)
Taxation on profit on ordinary activities	68,567	40,357

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - higher than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	426,873	95,077
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	85,375	19,015
Effects of:		
Expenses not deductible for tax purposes	3,703	9,998
Capital allowances for year in excess of depreciation	2,224	3,492
Other fixed asset differences	(2,212)	264
Adjustments to tax charge in respect of prior periods	(18,355)	-
Short term timing difference leading to an increase (decrease) in taxation	(8,953)	-
Other timing differences leading to an increase (decrease) in taxation	6,785	7,588
Total tax charge for the year	68,567	40,357

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2017

10. Taxation (continued)

Factors that may affect future tax charges

In the Finance (No 2) Act 2015 further changes to the future rates of Corporation tax were enacted on 18th November 2015.

Under this legislation, the rate of Corporation tax will be reduced from 20% to 19% from April 2017, and further reduced to 18% from April 2020. On 16 March 2016 it was announced by the Government that the rate of Corporation Tax will be reduced to 17% from April 2020. As this change has not been substantively enacted by the date of these financial statements, the effect of this change has not been included in the financial statements.

11. Dividends

	28 February 2017 £	29 February 2016 £
Ordinary dividends	195,000	335,000
	195,000	335,000

12. Tangible fixed assets

	Leasehold improvements £	Fixture, fittings and computer equipment £	Total £
Cost or valuation			
At 1 March 2016	35,807	137,504	173,311
Additions	-	13,075	13,075
Disposals	-	(15,737)	(15,737)
At 28 February 2017	35,807	134,842	170,649
Depreciation			
At 1 March 2016	26,746	107,505	134,251
Charge for the period on owned assets	8,364	18,534	26,898
Disposals	-	(15,737)	(15,737)
At 28 February 2017	35,110	110,302	145,412
Net book value			
At 28 February 2017	697	24,540	25,237
At 29 February 2016	9,061	29,999	39,060

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2017

13. Stocks

	28 February 2017 £	29 February 2016 £
Finished goods and goods for resale	181,452	177,492
	181,452	177,492

Stock recognised in cost of sales during the year as an expense was £7,595,650 (2016: £8,581,811).

Under FRS102, the company must discose the amount of stock written off during the year. A record of this has not been kept and so it is impracticable for the company to make this disclosure for the current and prior year, the Directors consider the amount to be trivial.

14. Debtors

	28 February 2017 £	29 February 2016 £
Trade debtors	1,316,427	469,776
Other debtors	290,653	286,335
Prepayments and accrued income	86,202	72,719
Financial instruments	284,000	-
	1,977,282	828,830

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2017

15. Cash and cash equivalents

	28 February 2017 £	29 February 2016 £
Cash at bank and in hand	1,254,135	2,294,779
	1,254,135	2,294,779

16. Creditors: Amounts falling due within one year

	28 February 2017 £	29 February 2016 £
Bank loans	113,433	113,433
Trade creditors	272,298	314,783
Corporation tax	98,700	59,326
Other taxation and social security	48,741	48,997
Other creditors	666	146,741
Accruals and deferred income	979,994	702,197
Financial instruments	-	73,407
	1,513,832	1,458,884

17. Creditors: Amounts falling due after more than one year

	28 February 2017 £	29 February 2016 £
Bank loans	92,344	201,488
	92,344	201,488

Secured loans

The company has an invoice finance facility with HSBC, which is secured by a debenture, a legal assignment over the company's debtors and fixed and floating charge over all assets of the company. At the year end, the company had a credit balance of £nil (2016: £nil).

In the current and prior year the company obtained a loan facility made available by a director. The loan facility incurs interest of 6% (2016: 10%) and is unsecured. In the current and prior year, the loan and interest was fully repaid before the year end.

During the year the company obtained a separate loan facility made available by Mr D A Kimm, a director. The loan facility incurs interest of 10% (2016: 10%) and is unsecured. At the year end the loan balance oustanding was £Nil.

18. Loans

Analysis of the maturity of loans is given below:

	28 February 2017 £	29 February 2016 £
Amounts falling due within one year		
Bank loans	113,433	113,433
	113,433	113,433
Amounts falling due 1-2 years		
Bank loans	92,344	108,199
	92,344	108,199
Amounts falling due 2-5 years		
Bank loans	-	93,289
	-	93,289
	205,777	314,921

19. Financial instruments

	28 February 2017 £	29 February 2016 £
Financial assets		
Financial assets measured at fair value through profit or loss	284,000	-
Financial assets that are debt instruments measured at amortised cost	1,607,080	756,111
	1,891,080	756,111
Financial liabilities		
Financial liabilities measured at fair value through profit or loss	-	(73,407)
Financial liabilities measured at amortised cost	(1,366,391)	(1,331,902)
	(1,366,391)	(1,405,309)

Financial assets measured at fair value through profit or loss comprise foreign currency contracts in place at the year end measured at the difference between the contract exchange rate and the year end exchange rate.

The company manages its foreign exchange risk in accordance with policies agreed by the board of directors. In this regard, the company entered into to three forward contracts with HSBC, one on 19 August 2016 and two on 9 December 2016. The company is committed to buying $5,000,000, $2,500,000 and $2,500,000 on 15 December 2017, 31 October 2017 and 30 November 2017 respectively, at a spot rate of 1.305, 1.2621 and 1.2621. At the year end, these contracts had a positive fair value totalling £284,000.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2017

20. Deferred taxation

	2017 £	2016 £
At beginning of year	(63,107)	(81,462)
Charged to the profit or loss	11,165	18,355
At end of year	(51,942)	(63,107)

The provision for deferred taxation is made up as follows:

	28 February 2017 £	29 February 2016 £
Accelerated capital allowances	(3,581)	(5,793)
Short term timing differences	(48,361)	(57,314)
	(51,942)	(63,107)

In the year ending 28 February 2018, the directors expect any movements in deferred tax to be negligible.

21. Share capital

	28 February 2017 £	29 February 2016 £
Shares classified as equity		
Authorised		
100 Ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
5 Ordinary shares of £1 each	5	5

The company has one class of ordinary shares which carry voting rights but have no right to fixed income.

22. Reserves

Profit & loss account

The Profit and loss account represents the accumulated results of the company.

23. Pension commitments

The company operates a defined contribution pension scheme. The pension cost charge represents contributions payable by the company to the fund, and amounted to £89,574 (2016: £158,336). At 28 February 2017 contributions amounting to £668 (2016: £2,384) were payable to the scheme.

24. Commitments under operating leases

At 28 February 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	28 February 2017 £	29 February 2016 £
Land and buildings		
Not later than 1 year	42,215	46,260
Later than 1 year and not later than 5 years	168,815	15,420
Later than 5 years	3,517	-
	214,547	61,680

	28 February 2017 £	29 February 2016 £
Other		
Not later than 1 year	34,928	43,884
Later than 1 year and not later than 5 years	43,178	19,584
	78,106	63,468

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2017

25. Transactions with directors

Included in other debtors are loans to the directors as per the table below. No interest is charged on these loans.

	2017	2016	Maximum in the year
	£	£	£
Ms R H Miller	23,113	23,113	23,113
Mr D A Kimm	6,849	6,849	6,849
Mr R M Kimm	34,403	34,403	34,403

Included in other creditors is a loan from a director. Interest is charged on this loan at 10%.

	2017	2016	Maximum in the year
	£	£	£
Mr D A Kimm	-	144,357	144,357

Interest charged on this loan amounted to £1,189 (2016: £11,052).

26. Related party transactions

During the year Mr D A Reich, a director and shareholder, made a $4,250,000 (2016: $4,250,000) loan facility available to the company. The company utilised $3,250,000 of this facility (2016: $4,250,000). Interest charged on the loan during the year was $94,841 (2016: $186,843). The loan and interest was fully repaid before the year end in the current and prior year.

Mr D A Reich was also paid management fees of £Nil (2016: £16,000), and consultancy fees of £Nil (2016: US$60,000).

Transactions amounting to $368,085 (2016: $245,512) took place during the year between MSRF Incorporated and the company. MSRF Incorporated is a supplier owned by Mr D Reich, a director of the company.

During the year, purchases from Kimm and Miller (Asia) Ltd amounted to $5,948,272 (2016: $6,225,591). Sales to Kimm and Miller (Asia) Ltd amounted to $2,317 (2016: $Nil). At 28 February 2017, the company owed £Nil (2016: £Nil) to Kimm and Miller (Asia) Ltd & was owed £Nil (2016: £Nil). Kimm and Miller (Asia) Ltd is a supplier owned by the directors of Kimm and Miller (UK) Limited.

27. Controlling party

The immediate parent company is Kimm & Miller (Hong Kong) Limited, a company incorporated in Hong Kong. The ultimate controlling parties are the directors Ms R H Miller, Mr D A Kimm, Mr R M Kimm, and Mr D A Reich.