

Company Registration No. SC198334 (Scotland)

BIP CANDY & TOYS UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021



BIP CANDY & TOYS UK LIMITED

COMPANY INFORMATION

Director	R C Korsmit
Company number	SC198334
Registered office	Summit House 4-5 Mitchell Street Edinburgh Scotland EH6 7BD
Senior statutory auditor	Cathryn McDowell FCCA
Auditor	Chadwick & Company (Manchester) Limited Chartered Accountants Statutory Auditors Capital House 272 Manchester Road Droylsden Manchester M43 6PW
Business address	1st Floor, Unit E Orbital 24 Oldham Street Denton Manchester M34 3SU
Bankers	National Westminster Bank plc 36 The Rock Bury Lancashire BL9 0NU

BIP CANDY & TOYS UK LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Director's report	3 - 4
Independent auditor's report	5 - 7
Statement of income and retained earnings	8
Balance sheet	9
Statement of cash flows	10
Notes to the financial statements	11 - 22

BIP CANDY & TOYS UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The director presents the strategic report for the year ended 31 March 2021.

Fair review of the business

This year has been extremely challenging due to the Covid-19 pandemic which resulted in the complete closure of some of the company's trading channels (High Street retail, plus a proportion of the discounter and wholesale sectors) for up to four months.

However, due to the breadth and diversity of the company's customers across multiple trading channels, the impact was able to be minimised with a large proportion of the early year lost sales being recovered during the later parts of the financial year.

Sales remained solid in the grocery, convenience and discount sectors, where the business trades strongly and where we see a more secure and predictable future. This was despite the removal of grocery sector multibuy and reduced footfall as a result of the social distancing measures in place.

Turnover for the year, after discounts allowed, decreased by 28.9% to £13,124,207 (2020 - £18,451,915). The gross profit margin increased slightly to 22.6% (2020 - 22.5%).

Principal risks and uncertainties

The company continues to import goods from all over the world and covers currency where possible at the time orders are received to minimise margin fluctuation caused by the volatility in exchange rates.

Interest rate risk

The company's borrowings are principally a bank overdraft which attracts interest at a variable rate negotiated with the company's bankers and invoice discounting. The bank overdraft is only required at peak times during the year and at this time financial liabilities, interest charges and cash flows are affected by movements in interest rates. Interest charged on invoice discounting is negotiated in advance and based on the level of turnover during the year.

Liquidity risk

The company manages its cash and borrowing requirements in order to minimise interest expenses, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business by way of a bank overdraft to cover seasonal variances, letters of credit and invoice discounting.

Foreign currency risk

The company's principal foreign currency risk arises from sourcing product lines from the Far East and Europe, which exposes the company to fluctuating currency markets, in particular US Dollars and the Euro. To minimise this exposure the company policy continues to enter into foreign exchange forward contracts.

Credit risk

All customers who wish to trade on credit terms are subject to stringent credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Development and performance

The company is sufficiently funded and continues to return profits in uncertain economic times. As a consequence the directors remain confident the company is strongly placed to exploit trading opportunities as they arise.

The company is continually striving to target growth sector companies.

BIP CANDY & TOYS UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Key performance indicators

During continued difficult trading conditions as a result of factors outside the company's control the key performance indicators remain consistent.

At the year end, the company had shareholders' funds of £2,227,486 (2020 - £2,829,590) including distributable reserves amounting to £2,187,486 (2020 - £2,789,590). Given that net current assets exceeded current liabilities by £2,205,338 (2020 - £2,792,387) the director believes the company's position to be satisfactory.

Future developments

During the year the business invested in further company-wide IT solutions to support the required and frequent remote management of activities. This along with an excellent in-house H&S approach for the creation of a Covid-19 Secure workplace ensured remote business operations were uninterrupted and the business operated safely when colleagues were on-site.

Customer and supplier activities during the year continued to be buoyant, with a successful pipeline of future supplier partnerships and new customer business secured.

Forecasts have been prepared to include the impact of the pandemic and the team are confident they can withstand the economic challenges that are appearing.

Today we can confirm that the realised gross sales in the first quarter of the new financial year 21/22 are well in line with the budget and are more than 200% of the gross sales in the first quarter of the financial year 20/21.

On behalf of the board

R C Korsmit
Director

22 June 2021

BIP CANDY & TOYS UK LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The director presents his annual report and financial statements for the year ended 31 March 2021.

Principal activities

The principal activity of the company was that of confectionery distributors specialising in children's novelty products and adult gift confectionery.

Results and dividends

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

Ordinary dividends were paid amounting to £710,000. The director does not recommend payment of a final dividend.

Director

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

I Gavin

(Resigned 31 July 2020)

R C Korsmit

Auditor

Chadwick & Company (Manchester) Limited were appointed auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of director's responsibilities

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

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

The director is 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. He is 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.

BIP CANDY & TOYS UK LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Statement of disclosure to auditor

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

Strategic Report

Details of the company's future developments and risk exposure are included in the Strategic Report.

Impact of Covid-19

Safety provisions have been put in place by the directors, including additional hygiene procedures, temperature checks and the use of video-conferencing with the work force. Employees continue to work from home to reduce the contact with other members of their team and social distancing measures have been implemented in the company workplace. The company has responded quickly where both national and local restrictions have come into force, and any easing of restrictions has been reviewed to ensure that staff wellbeing is prioritised.

On behalf of the board

R C Korsmit
Director

22 June 2021

BIP CANDY & TOYS UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BIP CANDY & TOYS UK LIMITED

Opinion

We have audited the financial statements of BIP Candy & Toys UK Limited (the 'company') for the year ended 31 March 2021 which comprise the statement of income and retained earnings, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

BIP CANDY & TOYS UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BIP CANDY & TOYS UK 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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the director's 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has 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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We considered and updated our knowledge of the company's specific industry and its regulatory environment, and reviewed the company's documentation surrounding the policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities. Based on this understanding, we identified and assessed the risks of material misstatement in the financial statements and designed and performed audit procedures in response to those risks.

BIP CANDY & TOYS UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BIP CANDY & TOYS UK LIMITED

We identified the key laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, the most significant of these is the UK Companies Act 2006. We also gained knowledge of the legal and regulatory frameworks which do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

Audit response to risks identified

The audit engagement team were made aware of the potential opportunities and incentives that may exist within the company for fraudulent activity and how and where fraud might occur or be concealed within the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override of controls. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other manual adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, we designed procedures which included:

- enquiring of management and those charged with governance concerning actual and potential litigation and claims and any known instances of non-compliance with laws and regulations;
- enquiries were made of the company's legal advisors, requesting details of any litigation or claims made against the company in the past financial year;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- performing detailed audit work on areas identified as being susceptible to management bias and override of controls, such as provisions, estimates and journal entries;
- performing analytical procedures to identify any unusual relationships that may indicate a risk of material misstatement due to fraud.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to him 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.

Cathryn McDowell FCCA (Senior Statutory Auditor)
For and on behalf of Chadwick & Company (Manchester) Limited

Chartered Accountants
Statutory Auditors
Capital House
272 Manchester Road
Droylsden
Manchester
M43 6PW

23 June 2021

BIP CANDY & TOYS UK LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Turnover	3	13,124,207	18,451,915
Cost of sales		(10,200,149)	(14,298,216)
Gross profit		2,924,058	4,153,699
Distribution costs		(1,032,133)	(1,090,770)
Administrative expenses		(1,753,985)	(2,289,721)
Other operating income	3	43,942	-
Operating profit	4	181,882	773,208
Interest payable and similar expenses	8	(41,875)	(84,837)
Profit before taxation		140,007	688,371
Tax on profit	9	(32,111)	(127,107)
Profit for the financial year		107,896	561,264
Retained earnings brought forward		2,789,590	2,798,326
Dividends	10	(710,000)	(570,000)
Retained earnings carried forward		2,187,486	2,789,590

The statement of income and retained earnings has been prepared on the basis that all operations are continuing operations.

BIP CANDY & TOYS UK LIMITED

BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	11		24,518		42,040
Current assets					
Stocks	12	1,754,882		1,608,077	
Debtors	13	2,324,028		3,527,593	
Cash at bank and in hand		5,820		1,487,460	
		<u>4,084,730</u>		<u>6,623,130</u>	
Creditors: amounts falling due within one year	14	<u>(1,879,392)</u>		<u>(3,830,743)</u>	
Net current assets			2,205,338		2,792,387
Total assets less current liabilities			<u>2,229,856</u>		<u>2,834,427</u>
Provisions for liabilities					
Deferred tax liability	15	<u>2,370</u>		<u>4,837</u>	
			(2,370)		(4,837)
Net assets			<u>2,227,486</u>		<u>2,829,590</u>
Capital and reserves					
Called up share capital	17		28,000		28,000
Capital redemption reserve	18		12,000		12,000
Profit and loss reserves	18		<u>2,187,486</u>		<u>2,789,590</u>
Total equity			<u>2,227,486</u>		<u>2,829,590</u>

The financial statements were approved by the board of directors and authorised for issue on 22 June 2021 and are signed on its behalf by:

R C Korsmit
Director

Company Registration No. SC198334

BIP CANDY & TOYS UK LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	23		(261,026)		1,921,101
Interest paid			(41,875)		(84,837)
Income taxes paid			(101,739)		(135,013)
Net cash (outflow)/inflow from operating activities			<u>(404,640)</u>		<u>1,701,251</u>
Investing activities					
Proceeds on disposal of tangible fixed assets		3,000		-	
Net cash generated from/(used in) investing activities			<u>3,000</u>		<u>-</u>
Financing activities					
Dividends paid		(1,080,000)		(200,000)	
Net cash used in financing activities			<u>(1,080,000)</u>		<u>(200,000)</u>
Net (decrease)/increase in cash and cash equivalents			<u>(1,481,640)</u>		<u>1,501,251</u>
Cash and cash equivalents at beginning of year			<u>1,487,460</u>		<u>(13,791)</u>
Cash and cash equivalents at end of year			<u><u>5,820</u></u>		<u><u>1,487,460</u></u>

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

1.1 Accounting convention

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

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

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

1.2 Going concern

On 11 March 2020, Covid-19 was designated a pandemic by the World Health Organisation (WHO). The directors continue to review the impact on the business, ensuring provisions are put in place to mitigate any risk to the company's ability to trade as a going concern. At the date of signing the financial statements, in the opinion of the directors, Covid-19 will not impact on the company's ability to trade as a going concern. Consequently, the company continues to adopt the going concern basis in preparing the financial statements.

1.3 Turnover

Turnover represents amounts derived from the provision of goods and services (net of VAT and trade discounts) to customers during the year.

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.

1.4 Tangible fixed assets

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

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	10 years straight line
Plant and machinery	3 years straight line
Fixtures, fittings & equipment	3 years straight line
Motor vehicles	4 years straight line

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

1.5 Impairment of fixed assets

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

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

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

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

1.6 Stocks

Stock and work in progress are valued at the lower of cost and net realisable value. Cost is calculated using the average cost method of valuation.

Net realisable value is based on estimated selling price less the estimated cost of disposal.

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.

1.7 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.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments'.

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

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

Basic financial assets

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

Classification of financial liabilities

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

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

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.

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, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled. The company enters into foreign exchange forward contracts in order to manage its exposure to foreign exchange risk. The company follows the accounting policy of the group and hedge accounting is applied. Any gain or loss on forward exchange contracts expiring during the year are taken through the profit and loss account.

1.9 Hedge accounting

The company follows the accounting policy of the group and hedge accounting is applied. Any gain or loss on forward exchange contracts expiring during the year are taken through the profit and loss account.

1.10 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

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 when the company has 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.

1.11 Employee benefits

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

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

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

1.12 Retirement benefits

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

1.13 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 leases asset are consumed.

1.14 Government grants

Amounts received in connection with the Coronavirus Job Retention Scheme are allocated to the profit and loss account when they are received and disclosed as other operating income.

1.15 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling, where appropriate, at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.16 Royalties

The company recognises royalties payable as and when they become due.

1.17 Company information

BIP Candy & Toys UK Limited is a private company limited by shares incorporated in Scotland. The registered office is Summit House, 4-5 Mitchell Street, Edinburgh, Scotland, EH6 7BD.

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is 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.

In considering the going concern assumption, the director has had to apply judgement in relation to the potential impact that Covid-19 may have on the economies the company operates in and on the company. In arriving at this judgment, the director has considered the financial resilience of the company and how it would managed any downturn as a result of the pandemic.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

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

	2021 £	2020 £
Turnover analysed by class of business		
Sales generated under the company's principal activity	13,124,207	18,451,915
	<u>13,124,207</u>	<u>18,451,915</u>
	2021 £	2020 £
Other significant revenue		
Grants received	43,942	-
	<u>43,942</u>	<u>-</u>
	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	12,277,567	16,232,619
European Union	846,640	2,219,296
	<u>13,124,207</u>	<u>18,451,915</u>

4 Operating profit

	2021 £	2020 £
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	(113,472)	(38,248)
Government grants	(43,942)	-
Depreciation of owned tangible fixed assets	17,522	20,369
Profit on disposal of tangible fixed assets	(3,000)	-
Operating lease charges	47,008	43,979
	<u>47,008</u>	<u>43,979</u>

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

5 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	27,200	21,500
For other services		
Services relating to corporate finance transactions	1,705	671

6 Employees

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

	2021	2020
	Number	Number
Sales	4	5
Administration	4	4
Marketing and product design	4	5
Logistics and quality control	5	5
Total	17	19

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	603,402	853,547
Social security costs	58,014	79,265
Pension costs	100,255	94,850
	761,671	1,027,662

7 Director's remuneration

	2021	2020
	£	£
Remuneration for qualifying services	87,402	166,440
Company pension contributions to defined contribution schemes	438	1,316
	87,840	167,756

Directors' remuneration includes benefits-in-kind.

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

8 Interest payable and similar expenses

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	5,604	22,193
Interest on invoice finance arrangements	36,092	62,197
	<u>41,696</u>	<u>84,390</u>
Other finance costs:		
Other interest	179	447
	<u>41,875</u>	<u>84,837</u>

9 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	29,448	130,626
Adjustments in respect of prior periods	5,130	-
	<u>34,578</u>	<u>130,626</u>
Deferred tax		
Origination and reversal of timing differences	(2,467)	(3,519)
	<u>32,111</u>	<u>127,107</u>
	2021	2020
	£	£
Profit before taxation	<u>140,007</u>	<u>688,371</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	26,601	130,790
Tax effect of expenses that are not deductible in determining taxable profit	380	1,447
Permanent capital allowances in excess of depreciation	2,467	3,519
Deferred tax	(2,467)	(3,519)
Corporation tax not provided for	5,130	(5,130)
	<u>32,111</u>	<u>127,107</u>

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

10 Dividends

	2021 £	2020 £
Interim paid on Ordinary shares	710,000	570,000

11 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2020	35,027	62,466	30,251	11,400	139,144
Disposals	-	(50,666)	-	(11,400)	(62,066)
At 31 March 2021	35,027	11,800	30,251	-	77,078
Depreciation and impairment					
At 1 April 2020	7,006	58,532	20,166	11,400	97,104
Depreciation charged in the year	3,503	3,934	10,085	-	17,522
Eliminated in respect of disposals	-	(50,666)	-	(11,400)	(62,066)
At 31 March 2021	10,509	11,800	30,251	-	52,560
Carrying amount					
At 31 March 2021	24,518	-	-	-	24,518
At 31 March 2020	28,021	3,934	10,085	-	42,040

12 Stocks

	2021 £	2020 £
Work in progress	27,397	-
Finished goods and goods for resale	1,727,485	1,608,077
	1,754,882	1,608,077

Finished goods valuation above includes provision against slow-moving stocks of £122,000 (2020 - £96,000).

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

13 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	2,168,395	3,214,515
Corporation tax recoverable	1,755	-
Amounts owed by group undertakings	-	219,853
Other debtors	36,874	3,263
Prepayments and accrued income	117,004	89,962
	<u>2,324,028</u>	<u>3,527,593</u>

Other debtors includes amounts owed to the company by RBS Invoice Finance of £34,111 (2020 - £nil) relating to cash held in respect of trade debts discounted on a recourse basis.

14 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	797,407	1,157,088
Corporation tax	-	65,406
Other taxation and social security	624,710	292,579
Dividends payable	-	370,000
Other creditors	65,910	1,612,147
Accruals and deferred income	391,365	333,523
	<u>1,879,392</u>	<u>3,830,743</u>

Other creditors includes amounts owed by the company to RBS Invoice Finance of £nil (2020 - £1,465,210) relating to cash received in respect of trade debts discounted on a recourse basis and is secured by a floating charge over all of the assets of the company.

15 Deferred taxation

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

	Liabilities 2021	Liabilities 2020
	£	£
Balances:		
Accelerated capital allowances	<u>2,370</u>	<u>4,837</u>
		2021
		£
Movements in the year:		
Liability at 1 April 2020		4,837
Credit to profit or loss		(2,467)
Liability at 31 March 2021		<u>2,370</u>

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

16 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	100,255	94,850

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

17 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	28,000	28,000	28,000	28,000

18 Reserves

Capital redemption reserve

Capital redemption reserve records the nominal value of shares repurchased by the company.

Own shares

Called up share capital represents the nominal value of shares that have been issued.

Profit and loss reserve

Profit and loss reserve includes all current and prior period retained profits and losses.

19 Financial commitments, guarantees and contingent liabilities

Forward exchange contracts

The company's policy is to enter into forward exchange contracts on future purchases where there is a high degree of likelihood of an exposure occurring. Gains and losses on these contracts are recognised in the profit and loss when they are completed.

At 31 March 2021, the company had outstanding contracts amounting to £8,449,315 (2020 - £7,134,376), translated at the contract rate in US Dollars and Euros, due to mature within one year. This represents \$6,837,677 and €3,807,552 (2020 - \$5,733,801 and €3,050,000). The fair value relating to forward exchange contracts amounted to a loss of £253,354 (2020 - gain £168,842).

Goods committed to

At 31 March 2021, the company was committed to purchases of goods amounting to £800,564 (2020 - £339,205).

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

20 Operating lease commitments

Lessee

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

	2021 £	2020 £
Within one year	43,500	43,500
Between two and five years	130,500	130,500
In over five years	76,125	119,625
	<u>250,125</u>	<u>293,625</u>

21 Related party transactions

Transactions with related parties

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

Other information

No guarantees have been given or received.

The company has taken advantage of the exemption under the Financial Reporting Standard 102 Section 33.1A from disclosing any transactions and balances with group entities of which the group owns 100% of the share capital.

22 Ultimate controlling party

The parent company of BIP Candy & Toys UK Limited is BIP Holland B.V, who own 100% of the issued Ordinary share capital of the company, and is registered in the Netherlands.

The financial statements of the company are consolidated into the accounts of BCF Holding B.V. located at Bredaseweg 123, 4872 LA Etten-Leur, Netherlands,. This company owns 100% of the issued Ordinary share capital of BIP Holland B.V.

This company is itself 70.1% owned by DOK Kindersüßwaren GmbH, a company registered in Germany, located at Aspastraße 24, 59394 Nordkirchen, Germany.

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

23 Cash (absorbed by)/generated from operations

	2021 £	2020 £
Profit for the year after tax	107,896	561,264
Adjustments for:		
Taxation charged	32,111	127,107
Finance costs	41,875	84,837
Gain on disposal of tangible fixed assets	(3,000)	-
Depreciation and impairment of tangible fixed assets	17,522	20,369
Movements in working capital:		
(Increase)/decrease in stocks	(146,805)	876,167
Decrease in debtors	1,205,320	10,238
(Decrease)/increase in creditors	(1,515,945)	241,119
Cash (absorbed by)/generated from operations	(261,026)	1,921,101

24 Analysis of changes in net funds

	1 April 2020 £	Cash flows £	31 March 2021 £
Cash at bank and in hand	1,487,460	(1,481,640)	5,820

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.