

Company Registration No. SC198334 (Scotland)

BIP CANDY & TOYS UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023



BIP CANDY & TOYS UK LIMITED

COMPANY INFORMATION

Director	J M D Harberts
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 ABN AMRO (ABN AMRO Asset Based Finance N.V. UK Branch) Sheencroft House 10-12 Church Road Haywards Heath West Sussex RH16 3SN

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 - 23

BIP CANDY & TOYS UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The director presents the strategic report for the year ended 31 March 2023.

Fair review of the business

Our business increased further this year where no impact of the Covid-19 pandemic was recognisable anymore and transportation costs associated with shipping goods from Far East suppliers and exchange rates evolved in a positive way which improved the gross margin significantly.

The turnover further improved to a level as it was pre-pandemic.

Furthermore, we maintained a wide customer base which secures the monthly sales due to all year round listings at retail customers which is recurring business. On top of this the seasonal business attracts as well which results in further overall growth.

Turnover for the year, after discounts allowed, increased by 6% to £18,059,552 (2022 - £17,038,722). The gross profit margin remained consistent at 17.5% (2022 - 17.5%).

Principal risks and uncertainties

Interest rate risk

The company's principal interest rate risk is in relation to its Invoice Finance arrangements, which incur fixed interest rates for the duration of the agreement.

Liquidity risk

Since last year-end the bank overdraft has been replaced by invoice finance via ABN Amro UK which incurs fixed interest rates for the duration of the agreement.

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. The company, to minimise this exposure, enters 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 director remains confident the company is strongly placed to exploit trading opportunities as they arise.

The company is continually striving to target growth sector companies.

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 £2,429,072 (2022 - £2,126,404) including distributable reserves amounting to £2,389,072 (2022 - £2,086,404). Given that net current assets exceeded current liabilities by £2,413,622 (2022 - £2,107,365) the director believes the company's position to be satisfactory.

BIP CANDY & TOYS UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Future developments

During the year the business continued to support company-wide IT solutions enabling a blend of in-house and remote activity. At 1 April 2023 the UK environment of Sage was replaced by SAPbyDesign so, with the exception of Germany, all countries within the group are working in the same ERP system. This should improve the transparency and consistency group wide and will support further strategic growth.

Forecasts have been prepared to include the impact of the current year cost increases and the team are confident they can continue to withstand the economic challenges that are appearing.

Today we can confirm that the realised gross sales in the first months of the new financial year 23/24 are in line with the budget. Gross profit margins are also on track, but the most intensive sales months will now start. We are convinced that we will be able to meet the settled targets for the whole year.

On behalf of the board

J M D Harberts
Director

27 March 2024

BIP CANDY & TOYS UK LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The director presents his annual report and financial statements for the year ended 31 March 2023.

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.

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

Director

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

G Rill

(Resigned 23 February 2023)

J M D Harberts

(Appointed 22 December 2022)

Auditor

In accordance with the company's articles, a resolution proposing that Chadwick & Company (Manchester) Limited be reappointed as auditor of the company 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.

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.

BIP CANDY & TOYS UK LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Strategic Report

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

On behalf of the board

J M D Harberts

Director

27 March 2024

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 2023 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 2023 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.

Material uncertainty related to going concern

We draw attention to Note 1.2 in the financial statements, which indicates that the company has been in breach of several financial covenants in respect of its Debts Purchased Agreement (DPA) with ABN AMRO Bank, during the year to 31 March 2023 and into the following period. Although the bank has indicated it would continue to support the business, they are currently undertaking a review of the facility and terms are yet to be renewed. Further to this, a termination clause exists within the current agreement which would enable the bank to end the DPA if the financial clauses are not adhered to.

With the exception of the above, 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.

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.

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.

BIP CANDY & TOYS UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BIP CANDY & TOYS UK LIMITED

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.

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.

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.

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.

BIP CANDY & TOYS UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BIP CANDY & TOYS UK LIMITED

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;
- assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry or inspection;
- 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, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of bias;
- performing analytical procedures to identify any unusual relationships that may indicate a risk of material misstatement due to fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

28 March 2024

BIP CANDY & TOYS UK LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Turnover	3	18,059,552	17,038,722
Cost of sales		(14,907,913)	(14,064,894)
Gross profit		3,151,639	2,973,828
Distribution costs		(1,152,562)	(1,311,386)
Administrative expenses		(1,542,736)	(1,717,545)
Operating profit/(loss)	4	456,341	(55,103)
Interest payable and similar expenses	7	(81,988)	(69,741)
Profit/(loss) before taxation		374,353	(124,844)
Tax on profit/(loss)	8	(71,685)	23,762
Profit/(loss) for the financial year		302,668	(101,082)
Retained earnings brought forward		2,086,404	2,187,486
Retained earnings carried forward		<u>2,389,072</u>	<u>2,086,404</u>

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 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Tangible assets	9		17,513		21,016
Current assets					
Stocks	10	3,006,409		2,199,035	
Debtors	11	2,189,787		3,033,626	
Cash at bank and in hand		581,963		220,532	
		5,778,159		5,453,193	
Creditors: amounts falling due within one year	12	(3,364,537)		(3,345,828)	
Net current assets			2,413,622		2,107,365
Total assets less current liabilities			2,431,135		2,128,381
Provisions for liabilities					
Deferred tax liability	14	2,063		1,977	
			(2,063)		(1,977)
Net assets			2,429,072		2,126,404
Capital and reserves					
Called up share capital	16	28,000		28,000	
Capital redemption reserve	17	12,000		12,000	
Profit and loss reserves	17	2,389,072		2,086,404	
Total equity			2,429,072		2,126,404

The financial statements were approved by the board of directors and authorised for issue on 27 March 2024 and are signed on its behalf by:

J M D Harberts
Director

Company Registration No. SC198334

BIP CANDY & TOYS UK LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash generated from operations	22	649,294		84,095	
Interest paid		(81,988)		(69,741)	
Income taxes (paid)/refunded		(12,381)		6,864	
Net cash inflow from operating activities		<u>554,925</u>		<u>21,218</u>	
Net increase in cash and cash equivalents		<u>554,925</u>		<u>21,218</u>	
Cash and cash equivalents at beginning of year		27,038		5,820	
Cash and cash equivalents at end of year		<u><u>581,963</u></u>		<u><u>27,038</u></u>	
Relating to:	23				
Cash at bank and in hand		581,963		220,532	
Bank overdrafts included in creditors payable within one year		-		(193,494)	
		<u><u>-</u></u>		<u><u>-</u></u>	

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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

These financial statements are prepared on the going concern basis. The director has a reasonable expectation that the company will continue in operational existence for the foreseeable future. However, the director is aware of certain material uncertainties which may cause doubt on the company's ability to continue as a going concern.

The company has been in breach of several financial covenants in respect of its Debts Purchased Agreement (DPA) with ABN AMRO Bank, during the year to 31 March 2023 and into the following period. Although the bank has indicated it would continue to support the business, they are currently undertaking a review of the facility and terms are yet to be renewed. Further to this, a termination clause exists within the agreement which would enable the bank to end the DPA if the financial clauses are not adhered to.

The parent company, B.C.F Holding B.V. has received a letter of comfort from DOK Kindersusswaren GmbH, who are 95% shareholders of the group, confirming that it is willing and able to continue providing financial support for at least the next 12 months following the date of signing the consolidated 31 March 2024 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

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.

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

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.

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.

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Other financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

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.

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

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.

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.

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.14 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.

1.15 Transfer pricing

The financial statements include an adjustment for transfer pricing and the group continues to ensure its methodologies are appropriate and up to date. Adjustments calculated are recognised in cost of sales on the profit and loss account, and any adjusting figure is invoiced/credited by the parent company. The rate used on the company's turnover encompasses management charges and royalty payments, which were invoiced by the parent company separately in previous years. The current transfer pricing agreement expires on 31 March 2025.

1.16 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.

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.

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

Critical judgements

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

Transfer Pricing Agreement

As per Note 1.15, the financial statements include an adjustment for transfer pricing, to account for logistics, administration and management services provided by the parent company, BIP Holland B.V.

A formal transfer pricing document has been prepared by Quantera Global based on benchmarks from 2016 to 2018. The benchmarks produced a range of percentages to be used from March 2020 to March 2025 at which point a new agreement on current benchmarks would be produced.

The transfer pricing adjustment included in the financial statements is based on 2.66%, applied to the total turnover of the company, resulting in an additional charge to the profit & loss of £858,324 (2022 - £68,151).

Historically the transfer pricing adjustment had been calculated on the sale of products supplied by BIP Holland B.V, only at 1.79%, with management fees and royalties charged separately.

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

3 Turnover and other revenue

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

	2023 £	2022 £
Turnover analysed by class of business		
Sales generated under the company's principal activity	18,059,552	17,038,722

	2023 £	2022 £
Turnover analysed by geographical market		
United Kingdom	16,196,784	16,273,526
European Union	1,862,768	765,196
	18,059,552	17,038,722

4 Operating profit/(loss)

	2023 £	2022 £
Operating profit/(loss) 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	(74,865)	73,033
Depreciation of owned tangible fixed assets	3,503	3,502
Operating lease charges	47,928	47,830

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

5 Auditor's remuneration

	2023	2022
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	25,500	30,000
	<u> </u>	<u> </u>
For other services		
All other non-audit services	2,515	3,438
	<u> </u>	<u> </u>

6 Employees

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

	2023	2022
	Number	Number
Sales	3	3
Administration	3	3
Marketing and product design	3	3
Logistics and quality control	4	4
	<u> </u>	<u> </u>
Total	13	13
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	619,206	544,387
Social security costs	63,334	54,584
Pension costs	38,226	48,744
	<u> </u>	<u> </u>
	720,766	647,715
	<u> </u>	<u> </u>

7 Interest payable and similar expenses

	2023	2022
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	6,944	20,516
Interest on invoice finance arrangements	74,893	49,206
	<u> </u>	<u> </u>
	81,837	69,722
Other finance costs:		
Other interest	151	19
	<u> </u>	<u> </u>
	81,988	69,741
	<u> </u>	<u> </u>

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

8 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	71,599	(23,369)
	<u>71,599</u>	<u>(23,369)</u>
Deferred tax		
Origination and reversal of timing differences	86	(393)
	<u>86</u>	<u>(393)</u>
Total tax charge/(credit)	<u>71,685</u>	<u>(23,762)</u>
	2023 £	2022 £
Profit/(loss) before taxation	<u>374,353</u>	<u>(124,844)</u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	71,127	(23,720)
Tax effect of expenses that are not deductible in determining taxable profit	179	150
Tax effect of income not taxable in determining taxable profit	(116)	(192)
Permanent capital allowances in excess of depreciation	409	393
Deferred tax	<u>86</u>	<u>(393)</u>
Taxation charge/(credit) for the year	<u>71,685</u>	<u>(23,762)</u>

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate for larger businesses would increase to 25% (rather than remaining at 19%, as previously enacted). As a result, the relevant deferred tax balances have been calculated at 25% as the applicable rate.

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

9 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 April 2022 and 31 March 2023	35,027	11,800	30,251	77,078
Depreciation and impairment				
At 1 April 2022	14,011	11,800	30,251	56,062
Depreciation charged in the year	3,503	-	-	3,503
At 31 March 2023	17,514	11,800	30,251	59,565
Carrying amount				
At 31 March 2023	17,513	-	-	17,513
At 31 March 2022	21,016	-	-	21,016

10 Stocks

	2023 £	2022 £
Work in progress	96,775	21,246
Finished goods and goods for resale	2,909,634	2,177,789
	3,006,409	2,199,035

Finished goods valuation above includes provision against slow-moving stocks of £170,000 (2022 - £67,000).

11 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	2,006,335	2,926,357
Corporation tax recoverable	-	18,260
Other debtors	39,625	654
Prepayments and accrued income	143,827	88,355
	2,189,787	3,033,626

Other debtors includes amounts owed to the company by ABN AMRO Asset Based Finance N.V. of £39,451 (2022 - £ nil) relating to cash held in respect of trade debts discounted on a recourse basis.

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

12 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Bank loans and overdrafts	13	-	193,494
Trade creditors		1,291,513	1,253,915
Corporation tax		40,958	-
Other taxation and social security		821,499	921,442
Other creditors		963,121	716,380
Accruals and deferred income		247,446	260,597
		<u>3,364,537</u>	<u>3,345,828</u>

Other creditors includes amounts owed by the company to RBS Invoice Finance of £nil (2022 - £646,124) 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.

On 2 February 2023, the charges relating to RBS Invoice Finance were released and replaced by charges with ABN AMRO Asset Based Finance N.V.

13 Loans and overdrafts

	2023 £	2022 £
Bank overdrafts	-	193,494
	<u>-</u>	<u>193,494</u>
Payable within one year	-	193,494
	<u>-</u>	<u>193,494</u>

The bank overdraft was secured by a fixed charge, containing a negative pledge, held by National Westminster Bank Plc dated 19 January 2023.

14 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 2023 £	Liabilities 2022 £
Balances:		
Accelerated capital allowances	2,063	1,977
	<u>2,063</u>	<u>1,977</u>
Movements in the year:		
Liability at 1 April 2022		1,977
Charge to profit or loss		86
		<u>2,063</u>
Liability at 31 March 2023		<u>2,063</u>

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

15 Retirement benefit schemes

	2023	2022
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	38,226	48,744

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.

16 Share capital

	2023	2022	2023	2022
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	28,000	28,000	28,000	28,000

17 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.

18 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 2023, the company had outstanding contracts amounting to £4,344,796 (2022 - £4,953,432), translated at the contract rate in US Dollars and Euros, due to mature within one year. This represents \$4,461,460 and €750,000 (2022 - \$3,500,000 and €4,000,000). The fair value relating to forward exchange contracts amounted to a loss of £78,314 (2022 - gain £40,327).

Goods committed to

At 31 March 2023, the company was committed to purchases of goods amounting to £3,437,060 (2022 - £2,741,015).

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

19 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:

	2023 £	2022 £
Within one year	10,875	32,625
Between two and five years	163,125	141,375
In over five years	-	32,625
	<u>174,000</u>	<u>206,625</u>

20 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.

21 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 95% 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 2023

22 Cash generated from operations

	2023 £	2022 £
Profit/(loss) for the year after tax	302,668	(101,082)
Adjustments for:		
Taxation charged/(credited)	71,685	(23,762)
Finance costs	81,988	69,741
Depreciation and impairment of tangible fixed assets	3,503	3,502
Movements in working capital:		
Increase in stocks	(807,374)	(444,153)
Decrease/(increase) in debtors	825,579	(693,093)
Increase in creditors	171,245	1,272,942
Cash generated from operations	649,294	84,095

23 Analysis of changes in net funds

	1 April 2022 £	Cash flows £	31 March 2023 £
Cash at bank and in hand	220,532	361,431	581,963
Bank overdrafts	(193,494)	193,494	-
	27,038	554,925	581,963

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.