

Registered number: 01017850

KS Brands Limited

**Annual Report
and Financial Statements**

For the year ended 28 February 2014

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KS BRANDS LIMITED

Company Information

Directors	R J Mulchand S R Mulchand
Company secretary	C Price
Registered number	01017850
Registered office	Laltex House Leigh Commerce Park Greenfold Way Leigh Lancashire WN7 3XH
Independent auditor	CLB Coopers Ship Canal House 98 King Street Manchester M2 4WU
Bankers	HSBC Bank Plc 2nd Floor 4 Hardman Square Spinningfields Manchester M3 3EB

KS BRANDS LIMITED

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KS BRANDS LIMITED

Directors' report

For the year ended 28 February 2014

The directors present their report and the financial statements for the year ended 28 February 2014.

Directors' responsibilities statement

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

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

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

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

Principal activities and review of business

The principal activity of the company in the year under review was that of the import and distribution of various consumer goods.

The directors are satisfied with the results for the period and the year end balance sheet provision.

The company continues to focus on the strength of its sourcing capabilities and in providing a diversified range of consumer products for distribution in the UK and Europe.

Strategic report

A strategic report has been prepared in the financial statements of Laltex & Co. Limited, the parent undertaking.

Results

The profit for the year, after taxation, amounted to £237,778 (2013: £272,627).

Directors

The directors who served during the year were:

R J Mulchand
S R Mulchand

KS BRANDS LIMITED

Directors' report For the year ended 28 February 2014

Currency risk

The company is exposed to currency risk as the majority of its purchases are in US Dollars but its sales are made in Sterling. This risk is managed through the use of forward contracts.

Credit risk

The principal credit risk arises from trade debtors. The directors manage this risk by setting credit limits based on limits advised by insurers, payment history and third party references.

Disclosure of information to auditor

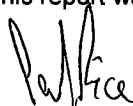
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

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

Auditor

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

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



C Price
Company Secretary

Date: 18 July 2014

KS BRANDS LIMITED

Independent auditor's report to the shareholder of KS Brands Limited

We have audited the financial statements of KS Brands Limited for the year ended 28 February 2014, set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholder 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 shareholder those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholder for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2014 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

KS BRANDS LIMITED

Independent auditor's report to the shareholder of KS Brands Limited

Matters on which we are required to report by exception

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

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



Graham Rigby (senior statutory auditor)

for and on behalf of
CLB Coopers

Statutory Auditors and Chartered Accountants

Ship Canal House
98 King Street
Manchester
M2 4WU

18 July 2014

KS BRANDS LIMITED

Profit and loss account For the year ended 28 February 2014

	Note	2014 £	2013 £
Turnover	1,2	7,934,781	7,148,795
Cost of sales		<u>(4,975,922)</u>	<u>(4,371,463)</u>
Gross profit		2,958,859	2,777,332
Distribution costs		<u>(600,959)</u>	<u>(584,394)</u>
Administrative expenses		<u>(2,044,998)</u>	<u>(1,836,012)</u>
Operating profit	3	312,902	356,926
Interest receivable and similar income		<u>6,139</u>	<u>4,197</u>
Profit on ordinary activities before taxation		319,041	361,123
Tax on profit on ordinary activities	7	<u>(81,263)</u>	<u>(88,496)</u>
Profit for the financial year	15	<u><u>237,778</u></u>	<u><u>272,627</u></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.


The notes on pages 7 to 14 form part of these financial statements.

KS BRANDS LIMITED
Registered number: 01017850

Balance sheet
As at 28 February 2014

	Note	£	2014 £	£	2013 £
Fixed assets					
Tangible assets	8		52,718		79,086
Investments	9		684		684
			<u>53,402</u>		<u>79,770</u>
Current assets					
Stocks	10	2,941,762		2,977,876	
Debtors	11	1,449,123		1,513,033	
Cash at bank		3,493,367		2,652,957	
		<u>7,884,252</u>		<u>7,143,866</u>	
Creditors: amounts falling due within one year	12	(2,746,838)		(1,966,435)	
Net current assets			<u>5,137,414</u>		<u>5,177,431</u>
Total assets less current liabilities			<u>5,190,816</u>		<u>5,257,201</u>
Provisions for liabilities					
Deferred tax	13		(1,889)		(6,052)
Net assets			<u><u>5,188,927</u></u>		<u><u>5,251,149</u></u>
Capital and reserves					
Called up share capital	14		165,000		165,000
Profit and loss account	15		5,023,927		5,086,149
Shareholders' funds	16		<u><u>5,188,927</u></u>		<u><u>5,251,149</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


R J Mulchand
Director

Date: 18 July 2014

The notes on pages 7 to 14 form part of these financial statements.

KS BRANDS LIMITED

Notes to the financial statements For the year ended 28 February 2014

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods supplied, exclusive of Value Added Tax and trade discounts.

Turnover is recognised at the point of despatch.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and machinery	-	25% on cost
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	15% on cost

1.5 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

KS BRANDS LIMITED

Notes to the financial statements For the year ended 28 February 2014

1. Accounting policies (continued)

1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

1.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.10 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. Turnover

The whole of the turnover is attributable to the one principal activity of the company.

A geographical analysis of turnover is as follows:

	2014 £	2013 £
United Kingdom	7,671,209	6,914,656
Rest of European Union	252,200	234,139
Rest of world	11,372	-
	<u>7,934,781</u>	<u>7,148,795</u>

3. Operating profit

The operating profit is stated after charging/(crediting):

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the company	26,368	26,960
Difference on foreign exchange	(139,398)	63,988
	<u></u>	<u></u>

KS BRANDS LIMITED

Notes to the financial statements For the year ended 28 February 2014

4. Auditors' remuneration

	2014 £	2013 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	7,395	7,395

5. Staff costs

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

	2014 £	2013 £
Wages and salaries	1,147,190	1,012,890
Social security costs	149,524	140,234
Other pension costs	787	1,573
	1,297,501	1,154,697

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

	2014 No.	2013 No.
Sales and administrative	44	41
Management	9	9
	53	50

6. Directors' remuneration

	2014 £	2013 £
Remuneration	-	2,856

KS BRANDS LIMITED

Notes to the financial statements For the year ended 28 February 2014

7. Taxation

	2014 £	2013 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	85,426	90,610
Deferred tax (see note 13)		
Origination and reversal of timing differences	(4,163)	(2,114)
Tax on profit on ordinary activities	<u>81,263</u>	<u>88,496</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013: higher than) the standard rate of corporation tax in the UK of 23.08% (2013: 24.2%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	<u>319,041</u>	<u>361,123</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.08% (2013: 24.2%)	73,650	87,283
Effects of:		
Expenses not deductible for tax purposes	7,918	2,095
Differences between capital allowances and depreciation	3,894	1,232
Marginal relief	(36)	-
Current tax charge for the year (see note above)	<u>85,426</u>	<u>90,610</u>

KS BRANDS LIMITED

Notes to the financial statements For the year ended 28 February 2014

8. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost				
At 1 March 2013 and 28 February 2014	184,213	73,266	47,989	305,468
Depreciation				
At 1 March 2013	144,881	34,344	47,157	226,382
Charge for the year	16,489	9,731	148	26,368
At 28 February 2014	161,370	44,075	47,305	252,750
Net book value				
At 28 February 2014	22,843	29,191	684	52,718
At 28 February 2013	39,332	38,922	832	79,086

9. Fixed asset investments

	Unlisted investments £
Cost or valuation	
At 1 March 2013 and 28 February 2014	684
Net book value	
At 28 February 2014	684
At 28 February 2013	684

10. Stocks

	2014 £	2013 £
Goods for resale	2,941,762	2,977,876

KS BRANDS LIMITED

Notes to the financial statements For the year ended 28 February 2014

11. Debtors

	2014 £	2013 £
Trade debtors	1,409,418	1,210,273
Amounts owed by related undertakings	27,083	288,962
Prepayments and accrued income	12,622	13,798
	<u>1,449,123</u>	<u>1,513,033</u>

12. Creditors: Amounts falling due within one year

	2014 £	2013 £
Trade creditors	106,063	119,890
Bills of exchange	1,416,968	1,357,092
Amounts owed to group undertakings	833,567	167,772
Amounts owed to other related undertakings	2,103	-
Corporation tax	85,426	90,610
Other taxation and social security	126,927	132,297
Accruals and deferred income	175,784	98,774
	<u>2,746,838</u>	<u>1,966,435</u>

Bills of exchange are secured by a general pledge over the underlying documents and goods and an unlimited company guarantee given by Laltex & Co. Limited, the company's parent undertaking.

13. Deferred taxation

	2014 £	2013 £
At beginning of year	6,052	8,166
Charge for/(released during) year	(4,163)	(2,114)
At end of year	<u>1,889</u>	<u>6,052</u>

The provision for deferred taxation is made up as follows:

	2014 £	2013 £
Accelerated capital allowances	<u>1,889</u>	<u>6,052</u>

KS BRANDS LIMITED

Notes to the financial statements For the year ended 28 February 2014

14. Share capital

	2014 £	2013 £
Allotted, called up and fully paid		
15,000 Ordinary shares of £1 each	15,000	15,000
150,000 Deferred shares of £1 each	150,000	150,000
	<u>165,000</u>	<u>165,000</u>

The Deferred shares carry no voting rights but entitle the holders to a non-cumulative dividend of 5% per annum if and only if net profits available for distribution exceed £2,000,000 in the year. On a winding up of the company, the holders of the Deferred shares are entitled to a return of capital only after a total sum of £2,000,000 has been distributed to the Ordinary shareholders.

15. Reserves

	Profit and loss account £
At 1 March 2013	5,086,149
Profit for the financial year	237,778
Dividends: Equity capital	(300,000)
	<u>5,023,927</u>
At 28 February 2014	

16. Reconciliation of movement in shareholders' funds

	2014 £	2013 £
Opening shareholders' funds	5,251,149	4,978,522
Profit for the financial year	237,778	272,627
Dividends (Note 17)	(300,000)	-
	<u>5,188,927</u>	<u>5,251,149</u>
Closing shareholders' funds		

17. Dividends

	2014 £	2013 £
Dividends on equity capital	300,000	-

KS BRANDS LIMITED

Notes to the financial statements For the year ended 28 February 2014

18. Contingent liabilities

The company has given an unlimited cross-guarantee to the group's bankers in respect of the present and future indebtedness of Laltex & Co Limited, KS Brands Limited, Lloytron plc and RJM International Limited. Present liabilities secured under this cross-guarantee, including bank loans, overdrafts and bills of exchange, are disclosed within the financial statements of each company. In respect of future indebtedness the group's bankers have, in aggregate, provided letters of credit totalling £1,525,635 (2013: £1,088,635) across the four companies.

19. Related party transactions

During the year the company purchased goods for resale from Laltex International Hong Kong Limited, a company controlled by Mr D Mulchand, one of Mr R J Mulchand's brothers, for £1,599,656 (2013: £1,254,301). In addition, Laltex International Hong Kong Limited recharged travel expenses to the company of £nil (2013: £1,136). At the year end, the company owed £824,561 (2013: £591,357) in respect of Bills of Exchange relating to transactions with Laltex International Hong Kong Limited and £nil (2013: £2,080) in respect of travel expenses.

The company has taken advantage of the exemption under Financial Reporting Standard 8 not to disclose transactions with its parent company or its fellow subsidiary undertakings.

20. Ultimate parent undertaking and controlling party

The ultimate parent company is Laltex & Co. Limited, a company registered in England and Wales. Copies of the group financial statements can be obtained from Companies House. There is no individual controlling party of the parent company.