

**REGISTRAR'S COPY:**  
Please return to H.W. Fisher &

**Company Registration No. 2588842 (England and Wales)**



WEA... ENTHUSIASM ENERGY VISION

[www.hwfisher.co.uk](http://www.hwfisher.co.uk)

**AAK LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2016**

MONDAY



\*L61ML6L6\*

LD5

06/03/2017

#36

COMPANIES HOUSE

# AAK LIMITED

## COMPANY INFORMATION

---

<b>Directors</b>	M I Kindler N Helfgott
<b>Company number</b>	2588842
<b>Registered office</b>	Acre House 11-15 William Road London NW1 3ER United Kingdom
<b>Auditor</b>	H W Fisher & Company Acre House 11-15 William Road London NW1 3ER United Kingdom
<b>Business address</b>	Suite 6, Accurist House 44 Baker Street London W1M 1DH Great Britain
<b>Bankers</b>	HSBC Bank Plc (Pall Mall, London) 69 Pall Mall London SW1Y 5EY

---

# AAK LIMITED

## CONTENTS

---

	<b>Page</b>
Strategic report	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditor's report	4 - 5
Profit and loss account	6
Statement of comprehensive income "	7
Balance sheet	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 - 24

---

# AAK LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 30 JUNE 2016**

---

The directors present the strategic report for the year ended 30 June 2016.

### **Fair review of the business**

The principal activity of the company continues to be that of clothing wholesalers.

The Company made pre-tax profits of £653,877 (2015: £892,316) for the year on a turnover of £15,508,884 (2015: £12,730,221).

At 30 June 2016, the company had net assets of £2,023,264 (2015: £1,989,464).

### **Principal risks and uncertainties**

The principal risks and uncertainties facing the company relate to changes in consumer preferences and the following factors:-

#### Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The company's policy throughout the year has been to ensure continuity and funding by working with the company's bankers.

#### Foreign Currency risk

The company is exposed to transaction foreign currency risk. The risk of currency fluctuations are mitigated by using foreign exchange banking facilities and advice.

#### Credit risk

In order to manage credit risk the directors set limits for customers based on combination of payment history and third party references. Credit limits are reviewed regularly.

### **Key performance indicators**

In the opinion of the directors there are no Key Performance Indicators whose disclosure is necessary for an understanding of the development, performance or position of the business.

On behalf of the board

  
M I Kindler

Director

22/12/2016

# AAK LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 30 JUNE 2016**

---

The directors present their annual report and financial statements for the year ended 30 June 2016.

### Principal activities

The principal activity of the company continues to be that of clothing wholesalers.

### Directors

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

M I Kindler

N Helfgott

### Results and dividends

The results for the year are set out on page 6.

Interim ordinary dividends were paid amounting to £500,000. The directors do not recommend payment of a final dividend.

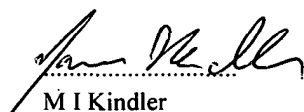
### Auditor

The auditor, H W Fisher & Company, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the 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.

On behalf of the board



M I Kindler

Director

...22/12/2016

# **AAK LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 30 JUNE 2016***

---

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

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

# **AAK LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AAK LIMITED**

---

We have audited the financial statements of AAK Limited for the year ended 30 June 2016 set out on pages 6 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 annual 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 30 June 2016 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 matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# AAK LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF AAK 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.

**Navinchandra Thaker (Senior Statutory Auditor)**  
for and on behalf of H W Fisher & Company

#### Chartered Accountants

#### Statutory Auditor

Acre House

11-15 William Road

London

NW1 3ER

United Kingdom

22-12-2016  
.....



# AAK LIMITED

## PROFIT AND LOSS ACCOUNT

*FOR THE YEAR ENDED 30 JUNE 2016*

---

		2016	2015
	Notes	£	£
Turnover	3	15,508,884	12,730,221
Cost of sales		(13,829,954)	(10,992,976)
Gross profit		<u>1,678,930</u>	<u>1,737,245</u>
Administrative expenses		(1,208,174)	(1,086,249)
Other operating income		<u>59,435</u>	<u>59,935</u>
Operating profit	4	530,191	710,931
Interest payable and similar charges	7	(51,314)	(23,615)
Fair value gains and losses on investment properties		<u>175,000</u>	<u>205,000</u>
Profit before taxation		653,877	892,316
Taxation	8	(120,077)	(167,380)
Profit for the financial year		<u><u>533,800</u></u>	<u><u>724,936</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# AAK LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

*FOR THE YEAR ENDED 30 JUNE 2016*

---

	2016 £	2015 £
Profit for the year	533,800	724,936
Other comprehensive income	-	-
Total comprehensive income for the year	<u>533,800</u>	<u>724,936</u>

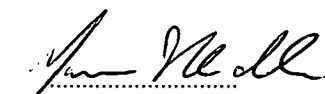
# AAK LIMITED

## BALANCE SHEET

AS AT 30 JUNE 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Tangible assets	10		19,686		22,304
Investment properties	11		1,940,000		1,765,000
			<u>1,959,686</u>		<u>1,787,304</u>
<b>Current assets</b>					
Stocks	13	2,689,615		3,358,650	
Debtors	14	1,463,170		1,130,487	
Cash at bank and in hand		2,271,887		703,149	
		<u>6,424,672</u>		<u>5,192,286</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(6,284,645)</u>		<u>(4,935,063)</u>	
<b>Net current assets</b>			<u>140,027</u>		<u>257,223</u>
<b>Total assets less current liabilities</b>			<u>2,099,713</u>		<u>2,044,527</u>
<b>Provisions for liabilities</b>	18		<u>(76,449)</u>		<u>(55,063)</u>
<b>Net assets</b>			<u><u>2,023,264</u></u>		<u><u>1,989,464</u></u>
<b>Capital and reserves</b>					
Called up share capital	20		290		290
Other reserves			796,454		643,559
Profit and loss reserves			<u>1,226,520</u>		<u>1,345,615</u>
<b>Total equity</b>			<u><u>2,023,264</u></u>		<u><u>1,989,464</u></u>

The financial statements were approved by the board of directors and authorised for issue on 22/12/2016 and are signed on its behalf by:

  
M I Kindler  
Director

Company Registration No. 2588842

# AAK LIMITED

## STATEMENT OF CHANGES IN EQUITY

**FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	Share capital £	Revaluation reserve £	Other reserves £	Profit and loss reserves £	Total £
<b>Balance at 1 July 2014</b>		290	-	461,527	1,202,711	1,664,528
<b>Year ended 30 June 2015:</b>						
Profit and total comprehensive income for the year		-	-	-	724,936	724,936
Dividends	9	-	-	-	(400,000)	(400,000)
Other		-	-	182,032	(182,032)	-
<b>Balance at 30 June 2015</b>		290	-	643,559	1,345,615	1,989,464
<b>Year ended 30 June 2016:</b>						
Profit and total comprehensive income for the year		-	-	-	533,800	533,800
Dividends	9	-	-	-	(500,000)	(500,000)
Other		-	-	152,895	(152,895)	-
<b>Balance at 30 June 2016</b>		290	-	796,454	1,226,520	2,023,264

# AAK LIMITED

## STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	25	1,517,582		328,245	
Interest paid		(51,314)		(23,615)	
Income taxes paid		(144,686)		(140,680)	
<b>Net cash inflow from operating activities</b>		<u>1,321,582</u>		<u>163,950</u>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(2,106)		(3,428)	
<b>Net cash used in investing activities</b>		<u>(2,106)</u>		<u>(3,428)</u>	
<b>Financing activities</b>					
Dividends paid		(500,000)		(400,000)	
<b>Net cash used in financing activities</b>		<u>(500,000)</u>		<u>(400,000)</u>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>819,476</u>		<u>(239,478)</u>	
Cash and cash equivalents at beginning of year		(886,489)		(647,011)	
<b>Cash and cash equivalents at end of year</b>		<u>(67,013)</u>		<u>(886,489)</u>	
<b>Relating to:</b>					
Cash at bank and in hand		2,271,887		703,149	
Bank overdrafts included in creditors payable within one year		<u>(2,338,900)</u>		<u>(1,589,638)</u>	

# AAK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2016

---

#### 1 Accounting policies

##### Company information

AAK Limited is a company limited by shares incorporated in England and Wales. The registered office is Acre House, 11-15 William Road, London, NW1 3ER, United Kingdom.

##### 1.1 Accounting convention

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

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

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

These financial statements for the year ended 30 June 2016 are the first financial statements of AAK Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 July 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 26.

##### 1.2 Going concern

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

##### 1.3 Turnover

Turnover represents amounts receivable for goods and services supplied net of VAT and trade discounts.

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 on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	20% reducing balance
--------------------------------	----------------------

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.

# AAK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 30 JUNE 2016**

---

### **1 Accounting policies**

**(Continued)**

#### **1.5 Investment properties**

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

#### **1.6 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.

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

#### **1.7 Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### **1.8 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.

# AAK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

### 1 Accounting policies

(Continued)

#### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the 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.

##### *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 publically 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.



# AAK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

---

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans and loans from companies under common control 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 receipts 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. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

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

#### **Derecognition of financial liabilities**

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

### 1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.11 Taxation

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

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The 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 is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

# AAK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

### 1 Accounting policies

(Continued)

#### 1.12 Employee benefits

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

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

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

#### 1.13 Retirement benefits

The company makes payments to defined contributions pension schemes. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

#### 1.14 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 lease asset are consumed.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

### 3 Turnover and other revenue

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

### 4 Operating profit

	2016	2015
	£	£
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	14,823	15,000
Depreciation of owned tangible fixed assets	4,724	5,015
Cost of stocks recognised as an expense	13,829,954	10,992,976
Operating lease charges	120,421	80,427

# AAK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

### 5 Employees

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

	2016 Number	2015 Number
Sales and administration	15	14

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	587,870	532,165
Social security costs	58,994	54,176
Pension costs	9,153	3,195
	<u>656,017</u>	<u>589,536</u>

### 6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	101,480	101,480
Company pension contributions to defined contribution schemes	9,153	3,195
	<u>110,633</u>	<u>104,675</u>

### 7 Interest payable and similar charges

	2016 £	2015 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	51,314	23,615

### 8 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	98,691	144,686
Deferred tax		
Origination and reversal of timing differences	21,386	22,694
Total tax charge	<u>120,077</u>	<u>167,380</u>

# AAK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2016

#### 8 Taxation

(Continued)

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

	2016 £	2015 £
Profit before taxation	653,877	892,316
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.75%)	130,775	185,156
Tax effect of expenses that are not deductible in determining taxable profit	2,591	3,272
Permanent capital allowances in excess of depreciation	325	284
Other tax adjustments	-	(21,058)
Deferred tax timing differences	(13,614)	(274)
Tax expense for the year	120,077	167,380

#### 9 Dividends

	2016 £	2015 £
Interim paid	500,000	400,000

#### 10 Tangible fixed assets

	Fixtures, fittings & equipment £
<b>Cost</b>	
At 1 July 2015	97,461
Additions	2,106
At 30 June 2016	99,567
<b>Depreciation and impairment</b>	
At 1 July 2015	75,157
Depreciation charged in the year	4,724
At 30 June 2016	79,881
<b>Carrying amount</b>	
At 30 June 2016	19,686
At 30 June 2015	22,304

# AAK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

### 11 Investment property

	2016 £
<b>Fair value</b>	
At 1 July 2015	1,765,000
Net gains or losses through fair value adjustments	175,000
At 30 June 2016	<u>1,940,000</u>

The fair value of the investment property has been arrived at on the basis of a valuation carried out by the Directors at 30 June 2016.

In June 2015 the properties were valued by Lambert Chartered Surveyors and Bruton Knowles, who are RICS registered valuers and are not connected with the company. The valuations were made on an open market value basis by reference to market evidence of transaction prices for similar properties.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2016 £	2015 £
Cost	1,070,640	1,070,640
Accumulated depreciation	-	-
Carrying amount	<u>1,070,640</u>	<u>1,070,640</u>

### 12 Financial instruments

	2016 £	2015 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	1,422,043	1,101,226
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	<u>6,127,253</u>	<u>4,649,863</u>

### 13 Stocks

	2016 £	2015 £
Finished goods and goods for resale	<u>2,689,615</u>	<u>3,358,650</u>

# AAK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

### 14 Debtors

	2016 £	2015 £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,401,326	1,059,294
Other debtors	20,717	41,932
Prepayments and accrued income	41,127	29,261
	<u>1,463,170</u>	<u>1,130,487</u>

### 15 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	16	2,338,900	1,589,638
Trade creditors		2,238,220	1,323,997
Corporation tax		98,691	144,686
Other taxation and social security		58,701	140,514
Other creditors		1,231,435	1,472,537
Accruals and deferred income		318,698	263,691
		<u>6,284,645</u>	<u>4,935,063</u>

Included within other creditors is an amount of £1,158,259 (2015: £1,158,259) representing an amount due to AAK Enterprises Limited, a company controlled by M I Kindler, A director of AAK Limited. This has been reassessed and deemed more appropriate to classify as repayable on demand since there is no formal agreement in place. The comparative figure has been restated.

### 16 Loans and overdrafts

	2016 £	2015 £
Bank overdrafts	<u>2,338,900</u>	<u>1,589,638</u>
Payable within one year	<u>2,338,900</u>	<u>1,589,638</u>

The bank facilities are secured by a debenture over all the assets of the company and a first legal charge over one of the investment properties owned by the company.

### 17 Provisions for liabilities

		2016 £	2015 £
Deferred tax liabilities	18	<u>76,449</u>	<u>55,063</u>
		<u>76,449</u>	<u>55,063</u>

# AAK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2016

#### 18 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:

	<b>Liabilities 2016 £</b>	<b>Liabilities 2015 £</b>
<b>Balances:</b>		
Accelerated capital allowances	3,543	4,262
Investment property	72,906	50,801
	<u>76,449</u>	<u>55,063</u>
<b>Movements in the year:</b>		<b>2016 £</b>
Liability at 1 July 2015		55,063
Charge to profit or loss		21,386
Liability at 30 June 2016		<u>76,449</u>

#### 19 Retirement benefit schemes

	<b>2016 £</b>	<b>2015 £</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>9,153</u>	<u>3,195</u>

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.

# AAK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 30 JUNE 2016**

### 20 Share capital

	2016 £	2015 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
200 Ordinary shares of £1 each	200	200
90 Ordinary 'A' shares of £1 each	90	90
	<u>290</u>	<u>290</u>

The ordinary 'A' shares were issued at £1,600 each but only £1 per share called up.

The company has granted share options to 1 employee over 100 ordinary shares under the Enterprise Management Initiative Scheme. The exercise price is £758 per share for 66 of the share options and £1,600 per share for 34 of the share options.

All of the options granted have a maximum contractual life of 10 years and there are no vesting conditions attached to the share options.

At 30 June 2016 all share options were outstanding and exercisable.

### 21 Financial commitments, guarantees and contingent liabilities

The company has given a guarantee in favour of HM Revenue & Customs for £400,000.

### 22 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:

	2016 £	2015 £
Within one year	70,000	70,000
Between two and five years	58,333	128,333
	<u>128,333</u>	<u>198,333</u>



# AAK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 30 JUNE 2016**

### 22 Operating lease commitments

(Continued)

#### Lessor

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2016 £	2015 £
Within one year	41,600	41,600
Between two and five years	29,467	71,067
	<u>71,067</u>	<u>112,667</u>

### 23 Related party transactions

At 30 June 2016, AAK Limited owed £1,158,259 (2015: £1,158,239) to AAK Enterprises Limited, a company in which the director M I Kindler has 100% shareholding.

At 30 June 2016, AAK Limited owed £45,077 (2015: £282,544) to M I Kindler and N Helfgott, both of whom are directors of the company.

### 24 Controlling party

The director, M I Kindler is the controlling party by virtue of his shareholding in the issued ordinary share capital of the company.

### 25 Cash generated from operations

	2016 £	2015 £
Profit for the year after tax	533,800	724,936
<b>Adjustments for:</b>		
Taxation charged	120,077	167,380
Finance costs	51,314	23,615
Fair value gains and losses on foreign exchange contracts and investment properties	(175,000)	(205,000)
Depreciation and impairment of tangible fixed assets	4,724	5,015
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	669,035	(975,519)
(Increase)/decrease in debtors	(332,683)	112,268
Increase in creditors	646,315	475,550
<b>Cash generated from operations</b>	<u>1,517,582</u>	<u>328,245</u>

# AAK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2016

#### 26 Reconciliations on adoption of FRS 102

##### Reconciliation of equity

		At 1 July 2014			At 30 June 2015		
	Notes	Previous UK GAAP £	Effect of transition £	FRS 102 £	Previous UK GAAP £	Effect of transition £	FRS 102 £
<b>Fixed assets</b>							
Tangible assets		1,583,891	-	1,583,891	22,304	-	22,304
Investment properties		-	-	-	1,765,000	-	1,765,000
		<u>1,583,891</u>	<u>-</u>	<u>1,583,891</u>	<u>1,787,304</u>	<u>-</u>	<u>1,787,304</u>
<b>Current assets</b>							
Stocks		2,383,131	-	2,383,131	3,358,650	-	3,358,650
Debtors		1,099,190	-	1,099,190	1,130,487	-	1,130,487
Bank and cash		374,133	-	374,133	703,149	-	703,149
		<u>3,856,454</u>	<u>-</u>	<u>3,856,454</u>	<u>5,192,286</u>	<u>-</u>	<u>5,192,286</u>
<b>Creditors due within one year</b>							
Loans and overdrafts		(1,276,469)	-	(1,276,469)	(1,872,182)	-	(1,872,182)
Taxation		(15,233)	-	(15,233)	(285,200)	-	(285,200)
Other creditors		(1,293,487)	-	(1,293,487)	(2,777,681)	-	(2,777,681)
		<u>(2,585,189)</u>	<u>-</u>	<u>(2,585,189)</u>	<u>(4,935,063)</u>	<u>-</u>	<u>(4,935,063)</u>
Net current assets		<u>1,271,265</u>	<u>-</u>	<u>1,271,265</u>	<u>257,223</u>	<u>-</u>	<u>257,223</u>
Total assets less current liabilities		<u>2,855,156</u>	<u>-</u>	<u>2,855,156</u>	<u>2,044,527</u>	<u>-</u>	<u>2,044,527</u>
<b>Creditors due after one year</b>							
Other creditors		<u>(1,158,259)</u>	<u>-</u>	<u>(1,158,259)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Provisions for liabilities</b>							
Deferred tax	1	<u>(4,536)</u>	<u>(27,833)</u>	<u>(32,369)</u>	<u>(4,262)</u>	<u>(50,801)</u>	<u>(55,063)</u>
Net assets		<u>1,692,361</u>	<u>(27,833)</u>	<u>1,664,528</u>	<u>2,040,265</u>	<u>(50,801)</u>	<u>1,989,464</u>
<b>Capital and reserves</b>							
Share capital		290	-	290	290	-	290
Revaluation reserve	2	489,360	(489,360)	-	694,360	(694,360)	-
Other reserves	2	-	461,527	461,527	-	643,559	643,559
Profit and loss		<u>1,202,711</u>	<u>-</u>	<u>1,202,711</u>	<u>1,345,615</u>	<u>-</u>	<u>1,345,615</u>
Total equity		<u>1,692,361</u>	<u>(27,833)</u>	<u>1,664,528</u>	<u>2,040,265</u>	<u>(50,801)</u>	<u>1,989,464</u>

# AAK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2016

#### 26 Reconciliations on adoption of FRS 102

(Continued)

#### Reconciliation of profit for the financial period

	Year ended 30 June 2015		
	Previous UK GAAP	Effect of transition	FRS 102
Notes	£	£	£
Turnover	12,730,221	-	12,730,221
Cost of sales	(10,992,976)	-	(10,992,976)
Gross profit	1,737,245	-	1,737,245
Administrative expenses	(1,086,249)	-	(1,086,249)
Other operating income	59,935	-	59,935
Operating profit	710,931	-	710,931
Interest payable and similar charges	(23,615)	-	(23,615)
Gain on investment properties	-	205,000	205,000
Profit before taxation	687,316	205,000	892,316
Taxation	(144,412)	(22,968)	(167,380)
Profit for the financial period	542,904	182,032	724,936

#### Notes to reconciliations on adoption of FRS 102

##### 1) Deferred Tax

FRS 102 requires deferred tax to be provided for on the difference between the cost and the fair value of the investment properties. Deferred tax of £50,801 was provided for as at 30 June 2015. Previously under UK GAAP, deferred tax was not recognised on revaluation gains and losses where there was no intention or commitment to sell the investment property at the balance sheet date.

##### 2) Other reserves

Under FRS 102, the revaluation reserve cannot include the revaluation in relation to investment properties. On transition, the revaluation reserve has been transferred to the profit and loss reserves and then transferred to other reserves. The revaluation reclassified as at 1 July 2014 was £489,360 and the amount reclassified as at 30 June 2015 was £694,360. The other reserve has then been adjusted for deferred tax. Previously under UK GAAP property revaluations were recognised in the revaluation reserve.