

Company Registration No. 03010238 (England and Wales)

**SUN MARK LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 AUGUST 2018**



# SUN MARK LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Dr R S Ranger CBE Mr H S Ahuja
<b>Secretary</b>	Mrs R Ranger
<b>Company number</b>	03010238
<b>Registered office</b>	Sun House 428 Long Drive Greenford Middlesex UB6 8UH
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB United Kingdom

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# SUN MARK LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 AUGUST 2018

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The directors present the strategic report for the year ended 31 August 2018.

#### **Fair review of the business and future developments**

The group has implemented a new strategy to aggressively grow its own label business and strategic partnerships from a both supply and customer basis. The group has embarked on this plan which has led to a reduction in revenue and profits in the reported period as compared to last year but with a clear expectation that profit margins will increase in the new coming periods.

During the year the group's Aladdin Business Centre investment property was destroyed due to a fire. We have, however, agreed a settlement with the insurers which will ensure any loss is minimised.

Turnover decreased to £141m (2017: £165m). Group gross profit decreased to £12.1m (2017: £14.2m) partly as a result of the company's acquisition of Bulldog Power Ltd. The impact of the acquisition also reduced the company group profit margin to 8.5% from last year's 8.6%.

The statement of financial position has improved year on year with net assets increasing to £41.1m (2017: £38.1).

The group has continued to invest in its core brands and key markets as it is confident that these will form a strong foundation for future growth and, in particular, profitability.

The group has also acquired a company in the FMCG sector to help it develop its presence in the UK. The company, Bulldog Power Ltd, has valuable intellectual property and has good potential for growth in the future. In the current year this was a drag on profitability but is expected to turn around strongly and contribute well within 18 months of this acquisition.

The group will further increase its focus on own label business and those brands where it has a strategic relationship. The group is shifting focus to quality of earnings for the future as its primary objective, a strategy that will quickly bear fruit.

The group is also making its first steps into manufacturing in overseas markets with a strategic plan to have manufacturing capability in Africa in late 2020.

We believe the outlook for the coming year is more promising than over the last few years and the direction the group is taking is helping it to reap more high quality business from both existing sources as well as new ones.

#### **Principal risks and uncertainties**

The principal risks of the group are foreign exchange fluctuations, credit risk, interest rate risk and political risk.

#### **Foreign exchange fluctuations**

The group makes sales and purchases in foreign currencies and so is exposed to fluctuations in these currencies. It continually monitors its foreign exchange risk and may consider entering into foreign exchange contracts if considered appropriate in the future.

#### **Credit risk**

The group strictly monitors amounts outstanding from customers and grants credit only to established customers.

#### **Interest rate risk**

The group ensures that it has sufficient cash to meet interest payments. The level of borrowing is low relative to the size of the company.

#### **Political risk**

The group constantly monitors international markets and looks for opportunities to build and develop in new regions.

# SUN MARK LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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### Strategy

The strategic aims of the company are as follows:

- To grow our own brand business in new markets and increase market share in existing markets;
- Increase direct presence in key markets;
- Increase and strengthen relationships with key suppliers and brand owners.

### Key performance indicators

	2018	2017
	£	£
Turnover	141,208,015	165,087,755
Gross profit	12,071,944	14,210,678
Operating profit	4,161,678	6,635,915

On behalf of the board

  
.....  
Mr H S Ahuja  
Director

Date: 2 July 2019

# SUN MARK LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2018

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The directors present their annual report and financial statements for the year ended 31 August 2018.

#### Principal activities

The principal activity of the group and company continued to be that of the distribution and export of food and consumer products both overseas and in the UK.

#### Directors

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

Dr R S Ranger CBE  
Mr H S Ahuja

#### Results and dividends

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

No ordinary dividends were paid (2017: £nil). The directors do not recommend payment of a further dividend.

#### Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### Political donations

During the year the company made the following contributions:

The Conservative Party	£269,404	(2017: £423,615)
Conservatives Friend of Israel	£nil	(2017: £5,000)
Friends of Speaker Bercow	£nil	(2017: £5,000)

In addition to the above the group made £28,515 (2017: £27,457) of charitable donations.

#### Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

#### 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, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

#### Going concern

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

# SUN MARK LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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### Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

On behalf of the board



.....  
Mr H S Anwar  
Director

Date: 2 July 2019 .

# **SUN MARK LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 31 AUGUST 2018**

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The directors are responsible for preparing the Strategic Report and 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 group and company, and of the profit or loss of the group 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;
- 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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### **Opinion**

We have audited the financial statements of Sun Mark Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 August 2018 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of 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 group's and the parent company's affairs as at 31 August 2018 and of the group's 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 group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **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 directors are responsible for the other information. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUN MARK LIMITED (CONTINUED)**

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### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are 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 directors determine 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 directors are responsible for assessing the group's and the parent 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 directors either intend to liquidate the group or the parent company or to cease operations, or have 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 for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

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

*RSM UK Audit LLP*

Suneel Gupta FCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB  
United Kingdom  
*23 July 2019*

## SUN MARK LIMITED

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	2017 £
<b>Turnover</b>	<b>3</b>	141,208,015	165,087,755
Cost of sales		(129,136,071)	(150,877,077)
<b>Gross profit</b>		<u>12,071,944</u>	<u>14,210,678</u>
Distribution costs		(1,095,779)	(1,736,925)
Administrative expenses		(7,540,543)	(6,467,277)
Impairment in fair value of investment properties		(3,826,578)	-
Other operating income		4,552,634	629,439
<b>Operating profit</b>	<b>6</b>	<u>4,161,678</u>	<u>6,635,915</u>
Interest receivable and similar income	<b>8</b>	26,679	14,970
Interest payable and similar expenses	<b>9</b>	(423,606)	(184,481)
<b>Profit before taxation</b>		<u>3,764,751</u>	<u>6,466,404</u>
Tax on profit	<b>10</b>	(776,738)	(1,425,868)
<b>Profit for the financial year</b>		<u><u>2,988,013</u></u>	<u><u>5,040,536</u></u>

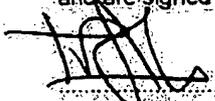
Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

**SUN MARK LIMITED****CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 AUGUST 2018**

	Notes	2018		2017	
		£	£	£	£
<b>Fixed assets</b>					
Goodwill	11		3,298,231		
Other intangible assets	11		4,917,433		3,292,663
Total intangible assets			8,215,664		3,292,663
Tangible assets	12		4,446,002		4,040,164
Investment properties	13		3,663,960		7,268,408
Investments	14		889,278		893,302
			17,214,904		15,494,537
<b>Current assets</b>					
Stocks	17	4,886,440		2,460,591	
Debtors	18	53,206,340		51,576,241	
Cash at bank and in hand		4,140,023		3,954,151	
			62,232,803		57,990,983
<b>Creditors: amounts falling due within one year</b>	19	(31,222,151)		(30,947,828)	
<b>Net current assets</b>			31,010,652		27,043,155
<b>Total assets less current liabilities</b>			48,225,556		42,537,692
<b>Creditors: amounts falling due after more than one year</b>	20		(6,629,269)		(4,323,709)
<b>Provisions for liabilities</b>	23		(513,501)		(119,210)
<b>Net assets</b>			41,082,786		38,094,773
<b>Capital and reserves</b>					
Called up share capital	25		170,000		170,000
Other reserves	26		451,000		451,000
Profit and loss reserves	26		40,461,786		37,473,773
<b>Total equity</b>			41,082,786		38,094,773

The financial statements were approved by the board of directors and authorised for issue on 2 July 2019 and are signed on its behalf by:

  
Mr H S Anuja  
Director

**SUN MARK LIMITED****COMPANY STATEMENT OF FINANCIAL POSITION  
AS AT 31 AUGUST 2018**

	Notes	2018		2017	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	11		2,683,983		3,292,663
Tangible assets	12		4,446,002		4,040,164
Investment properties	13		3,663,960		7,268,408
Investments	14		889,279		893,302
			<u>11,683,224</u>		<u>15,494,537</u>
<b>Current assets</b>					
Stocks	17	4,696,759		2,460,591	
Debtors	18	59,446,127		51,576,241	
Cash at bank and in hand		4,135,667		3,954,151	
			<u>68,278,553</u>		<u>57,990,983</u>
<b>Creditors: amounts falling due within one year</b>	19	(31,211,394)		(30,947,828)	
<b>Net current assets</b>			<u>37,067,159</u>		<u>27,043,155</u>
<b>Total assets less current liabilities</b>			<u>48,750,383</u>		<u>42,537,692</u>
<b>Creditors: amounts falling due after more than one year</b>	20		(6,629,269)		(4,323,709)
<b>Provisions for liabilities</b>	23		(133,815)		(119,210)
<b>Net assets</b>			<u>41,987,299</u>		<u>38,094,773</u>
<b>Capital and reserves</b>					
Called up share capital	25		170,000		170,000
Other reserves	26		451,000		451,000
Profit and loss reserves	26		41,366,299		37,473,773
<b>Total equity</b>			<u>41,987,299</u>		<u>38,094,773</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £3,892,526 (2017 - £5,040,536 profit).

The financial statements were approved by the board of directors and authorised for issue on 2 July 2019 and are signed on its behalf by:

  
Mr H S Ahuja  
Director

## SUN MARK LIMITED

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2018

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	Share capital	Other reserves	Profit and loss reserves	Total
	£	£	£	£
<b>Balance at 1 September 2016</b>	170,000	451,000	32,433,237	33,054,237
<b>Year ended 31 August 2017:</b>				
Profit and total comprehensive income for the year	-	-	5,040,536	5,040,536
<b>Balance at 31 August 2017</b>	170,000	451,000	37,473,773	38,094,773
<b>Year ended 31 August 2018:</b>				
Profit and total comprehensive income for the year	-	-	2,988,013	2,988,013
<b>Balance at 31 August 2018</b>	170,000	451,000	40,461,786	41,082,786

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# SUN MARK LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2018

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	Share capital	Other reserves	Profit and loss reserves	Total
	£	£	£	£
<b>Balance at 1 September 2016</b>	170,000	451,000	32,433,237	33,054,237
<b>Year ended 31 August 2017:</b>				
Profit and total comprehensive income for the year	-	-	5,040,536	5,040,536
<b>Balance at 31 August 2017</b>	170,000	451,000	37,473,773	38,094,773
<b>Year ended 31 August 2018:</b>				
Profit and total comprehensive income for the year	-	-	3,892,526	3,892,526
<b>Balance at 31 August 2018</b>	170,000	451,000	41,366,299	41,987,299

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# SUN MARK LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	27	(2,588,146)		(1,159,941)	
Interest paid		(423,606)		(184,481)	
Income taxes paid		(1,333,712)		(129,961)	
<b>Net cash outflow from operating activities</b>		<b>(4,345,464)</b>		<b>(1,474,383)</b>	
<b>Investing activities</b>					
Purchase of subsidiary		15,899		-	
Purchase of intangible assets		(149,641)	(2,759,573)		
Proceeds on disposal of intangibles		-	1,596		
Purchase of tangible fixed assets		(547,850)	(39,550)		
Proceeds on disposal of tangible fixed assets		2,998	-		
Purchase of investment property		(222,130)	(16,125)		
Purchase of fixed asset investments		-	(829,494)		
Interest received		10,702	14,970		
Other investment income received		15,977	-		
<b>Net cash used in investing activities</b>		<b>(874,045)</b>		<b>(3,628,176)</b>	
<b>Financing activities</b>					
Net movement in loans		5,405,381	4,396,746		
<b>Net cash generated from financing activities</b>		<b>5,405,381</b>		<b>4,396,746</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>185,872</b>		<b>(705,813)</b>	
Cash and cash equivalents at beginning of year		3,954,151		4,659,964	
<b>Cash and cash equivalents at end of year</b>		<b>4,140,023</b>		<b>3,954,151</b>	

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

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### 1 Accounting policies

#### Company information

Sun Mark Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Sun House, 428 Long Drive, Greenford, Middlesex, UB6 8UH.

The group consists of Sun Mark Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

#### 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.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

#### Basis of consolidation

The consolidated financial statements incorporate those of Sun Mark Limited and all of its material subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 August 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### 1 Accounting policies (Continued)

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

Bulldog Power Limited has been included in the group financial statements using the purchase method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of Bulldog Power Limited for the 6 month period from its acquisition on 1 March 2018. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

#### Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group and 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.

#### Turnover

Turnover predominantly represents the value, net of Value Added Tax, of goods sold to customers during the year. Turnover is recognised when goods are despatched.

#### Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

#### Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Trademarks and patents	10% - 20% straight line
Other intangible fixed assets	20% straight line
Brand	10% straight line

#### 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.

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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### 1 Accounting policies (Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold buildings and freehold improvements	50 years straight line
Plant and machinery	25% reducing balance
Fixtures, fittings and equipment	25% reducing balance
Computer and office equipment	25% reducing balance
Motor vehicles	25% reducing balance

Land is not depreciated.

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.

#### Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the consolidated statement of comprehensive income.

#### Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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.

#### Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Provision is made for obsolete and slow moving items.

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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### 1 Accounting policies (Continued)

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 the consolidated statement of comprehensive income.

#### **Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments and include cash in hand and at bank.

#### **Financial instruments**

The group 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 when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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 trade and other 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

#### **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 group 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 group after deducting all of its liabilities.

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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### 1 Accounting policies (Continued)

#### ***Basic financial liabilities***

Basic financial liabilities, including trade and other 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.

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

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

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

#### ***Equity instruments***

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

#### ***Taxation***

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

#### ***Deferred tax***

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the group to consume substantially all of its economic benefit), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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### 1 Accounting policies (Continued)

#### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense.

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

#### **Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

#### **Leases**

Rental income from operating leases is recognised as the rent becomes receivable.

#### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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### 2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

#### Critical judgements

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

#### Valuation of investment properties

Investment properties measured at fair value at each reporting date with any revaluation gains or losses recognised in profit or loss. The accuracy of any such valuation will be affected by unexpected changes to the economic situation, and assumptions which differ from actual outcomes. As such, judgement is applied when determining the fair value of the investment properties.

#### Valuation of intangible assets

To determine the fair value of acquisition related intangible assets, valuation techniques were adopted. These techniques use a variety of estimates, including expected future results and projected future cash flows, which are discounted using appropriate discount rates.

#### Useful lives of intangibles

The charge in respect of periodic amortisation is derived after determining an estimate of an asset's expected useful life. The useful lives of the group's intangible assets are determined by management at the time the asset is acquired and reviewed at least annually for appropriateness. The lives are based on and estimated future period that economic benefit is expected to be derived.

### 3 Turnover and other revenue

	2018	2017
	£	£
<b>Turnover analysed by class of business</b>		
Turnover from principal activities	141,208,015	165,087,755
	<u>                    </u>	<u>                    </u>
	2018	2017
	£	£
<b>Other revenue</b>		
Interest income	10,702	14,970
Rent receivable	656,556	629,439
Insurance claims receivable	3,896,078	-
	<u>                    </u>	<u>                    </u>

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 3 Turnover and other revenue (Continued)

	2018 £	2017 £
<b>Turnover analysed by geographical market</b>		
Rest of the world	123,714,271	147,926,831
United Kingdom	17,493,744	17,160,924
	<u>141,208,015</u>	<u>165,087,755</u>

#### 4 Employees

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

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Administration and support	44	40	41	40
Sales, marketing and distribution	32	30	30	30
Directors	2	2	2	2
	<u>78</u>	<u>72</u>	<u>73</u>	<u>72</u>

Their aggregate remuneration comprised:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Wages and salaries	2,688,192	2,286,939	2,581,906	2,286,939
Social security costs	288,237	265,748	288,237	265,748
Pension costs	27,081	17,227	27,081	17,227
	<u>3,003,510</u>	<u>2,569,914</u>	<u>2,897,224</u>	<u>2,569,914</u>

#### 5 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	<u>128,333</u>	<u>120,000</u>

No directors are accruing any benefits under a money purchase pension scheme (2017: Nil).



# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 10 Taxation

	2018 £	2017 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	782,117	1,423,100
<b>Deferred tax</b>		
Origination and reversal of timing differences	(5,379)	2,768
<b>Total tax charge</b>	<u>776,738</u>	<u>1,425,868</u>

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	<u>3,764,751</u>	<u>6,466,404</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.59%)	715,303	1,266,769
Tax effect of expenses that are not deductible in determining taxable profit	130,043	147,499
Tax effect of income not taxable in determining taxable profit	-	(104)
Depreciation on assets not qualifying for tax allowances	-	8,936
Movement in deferred tax	(15,101)	2,768
Other taxation adjustments	(53,507)	-
<b>Taxation charge</b>	<u>776,738</u>	<u>1,425,868</u>

At the balance sheet date the group had estimated tax losses of £5.4 million (2017: nil) relating to Bulldog Power Limited. No deferred tax asset has been recognised in the financial statements in respect of these losses on the basis that their recoverability cannot be assessed with reasonable certainty.

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 11 Intangible fixed assets

Group	Goodwill	Trademarks and patents	Other intangible fixed assets	Brand	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 September 2017	-	1,278,254	2,722,041	-	4,000,295
Additions - separately acquired	-	149,641	-	-	149,641
Additions - business combinations	3,471,823	-	-	2,351,000	5,822,823
At 31 August 2018	3,471,823	1,427,895	2,722,041	2,351,000	9,972,759
<b>Amortisation and impairment</b>					
At 1 September 2017	-	707,632	-	-	707,632
Amortisation charged for the year	173,592	213,913	544,408	117,550	1,049,463
At 31 August 2018	173,592	921,545	544,408	117,550	1,757,095
<b>Carrying amount</b>					
At 31 August 2018	3,298,231	506,350	2,177,633	2,233,450	8,215,664
At 31 August 2017	-	570,622	2,722,041	-	3,292,663
<b>Company</b>					
			Trademarks and patents	Other intangible fixed assets	Total
			£	£	£
<b>Cost</b>					
At 1 September 2017			1,278,254	2,722,041	4,000,295
Additions - separately acquired			149,641	-	149,641
At 31 August 2018			1,427,895	2,722,041	4,149,936
<b>Amortisation and impairment</b>					
At 1 September 2017			707,632	-	707,632
Amortisation charged for the year			213,913	544,408	758,321
At 31 August 2018			921,545	544,408	1,465,953
<b>Carrying amount</b>					
At 31 August 2018			506,350	2,177,633	2,683,983
At 31 August 2017			570,622	2,722,041	3,292,663

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 11 Intangible fixed assets (Continued)

Other intangible fixed assets relate to an exclusive distribution agreement. The full value of these intangible fixed assets will be amortized over 5 years, which is considered the expected life of such assets given the length of the agreement.

In the consolidated statement of comprehensive income the amortisation of intangible fixed assets is included within administrative expenses.

#### 12 Tangible fixed assets

Group	Freehold buildings and freehold improvements	Plant and machinery	Fixtures, fittings and equipment	Computer and office equipment	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 September 2017	4,593,409	313,975	332,951	403,289	16,774	5,660,398
Additions	335,740	2,040	147,106	56,964	6,000	547,850
Disposals	-	-	-	-	(4,500)	(4,500)
At 31 August 2018	4,929,149	316,015	480,057	460,253	18,274	6,203,748
<b>Depreciation and impairment</b>						
At 1 September 2017	779,755	267,787	270,666	295,737	6,289	1,620,234
Depreciation charged in the year	62,644	29,600	30,988	11,735	3,376	138,343
Eliminated in respect of disposals	-	-	-	-	(831)	(831)
At 31 August 2018	842,399	297,387	301,654	307,472	8,834	1,757,746
<b>Carrying amount</b>						
At 31 August 2018	4,086,750	18,628	178,403	152,781	9,440	4,446,002
At 31 August 2017	3,813,654	46,188	62,285	107,552	10,485	4,040,164

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 12 Tangible fixed assets (Continued)

Company	Freehold buildings and freehold improvements	Plant and machinery	Fixtures, fittings and equipment	Computer and office equipment	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 September 2017	4,593,409	313,975	332,951	403,289	16,774	5,660,398
Additions	335,740	2,040	147,106	56,964	6,000	547,850
Disposals	-	-	-	-	(4,500)	(4,500)
At 31 August 2018	4,929,149	316,015	480,057	460,253	18,274	6,203,748
<b>Depreciation and impairment</b>						
At 1 September 2017	779,755	267,787	270,666	295,737	6,289	1,620,234
Depreciation charged in the year	62,644	29,600	30,988	11,735	3,376	138,343
Eliminated in respect of disposals	-	-	-	-	(831)	(831)
At 31 August 2018	842,399	297,387	301,654	307,472	8,834	1,757,746
<b>Carrying amount</b>						
At 31 August 2018	4,086,750	18,628	178,403	152,781	9,440	4,446,002
At 31 August 2017	3,813,654	46,188	62,285	107,552	10,485	4,040,164

### 13 Investment property

	Group 2018	Company 2018
	£	£
<b>Fair value</b>		
At 1 September 2017	7,268,408	7,268,408
Additions through external acquisition	222,130	222,130
Net gains or losses through fair value adjustments	(3,826,578)	(3,826,578)
At 31 August 2018	3,663,960	3,663,960

Details of losses on fair value are shown in note 6.

Investment property comprises residential and commercial properties. The fair value of the investment property has been arrived at on the basis of a valuation carried out by the directors. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

On a historical cost basis the investment properties would have been included at an original cost of £5,615,000 (2017: £6,718,408).

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 14 Fixed asset investments

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	15	864,290	864,290	864,291	864,290
Listed investments		24,988	24,987	24,988	24,987
Unlisted investments		-	4,025	-	4,025
		<u>889,278</u>	<u>893,302</u>	<u>889,279</u>	<u>893,302</u>
<b>Listed investments included above:</b>					
Listed investments carrying amount		<u>24,988</u>	<u>24,987</u>	<u>24,988</u>	<u>24,987</u>

The directors believe that the carrying value of listed investments are materially similar to the market value at the 31 August 2018.

Details of the movements in shares in subsidiary undertakings are shown in note 16.

#### Movements in fixed asset investments

Group	Shares in group undertakings £	Other investments other than loans £	Total £
<b>Cost or valuation</b>			
At 1 September 2017	864,290	29,012	893,302
Other movements	-	(4,024)	(4,024)
At 31 August 2018	<u>864,290</u>	<u>24,988</u>	<u>889,278</u>
<b>Carrying amount</b>			
At 31 August 2018	<u>864,290</u>	<u>24,988</u>	<u>889,278</u>
At 31 August 2017	<u>864,290</u>	<u>29,012</u>	<u>893,302</u>

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 14 Fixed asset investments (Continued)

#### Movements in fixed asset investments

Company	Shares in group undertakings	Other investments other than loans	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 September 2017	864,290	29,012	893,302
Additions	1	-	1
Other movements	-	(4,024)	(4,024)
At 31 August 2018	864,291	24,988	889,279
<b>Carrying amount</b>			
At 31 August 2018	864,291	24,988	889,279
At 31 August 2017	864,290	29,012	893,302

### 15 Subsidiaries

Details of the company's subsidiaries at 31 August 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Bulldog Power Limited	United Kingdom	Wholesaler of food products	Ordinary Shares	100.00	
Friendship Films Limited*	8 Freetrade House, Lowther Road, Stanmore, Middlesex, England, HA7 1EP	Non trading	Ordinary Shares	100.00	
Sun Mark Global General Trading LLC*	PO Box 233190, Near Ai Ras Station, Behind RAK Bank, Deira, Dubai, UAE	Distributors and Wholesaler of Food Products	Ordinary Shares	49.00	
Sun Oil International Marketing Company Limited*	Plot 280, Ajose Adeogun Street, Victoria Island, Lagos State, Nigeria	Dormant	Ordinary Shares	50.00	

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 15 Subsidiaries (Continued)

\*These subsidiaries are not included in the consolidation as they are not considered to be material .

For the year ended 31 August 2018 the subsidiaries were entitled to exemption from audit, and the members have not required the subsidiaries to obtain an audit of their financial statements for the year.

Details of the acquisition of Bulldog Power Limited are shown in note 16.

### 16 Acquisitions

On 1 March 2018 the group acquired 100 percent of the issued capital of Bulldog Power Limited for consideration of £1.

	Book Value £	Adjustments £	Fair Value £
Intangible assets	-	2,351,000	2,351,000
Inventories	85,517	-	85,517
Trade and other receivables	160,408	-	160,408
Cash and cash equivalents	15,900	-	15,900
Trade and other payables	(5,684,977)	-	(5,684,977)
Deferred tax	-	(399,670)	(399,670)
	<u>          </u>	<u>          </u>	
Total identifiable net assets	(5,423,152)	1,951,330	(3,471,822)
	<u>          </u>	<u>          </u>	
Goodwill			3,471,823
			<u>          </u>
Total consideration			1
			<u>          </u>
The consideration was satisfied by:			£
Cash			1
			<u>          </u>
Contribution by the acquired business for the reporting period included in the consolidated statement of comprehensive income since acquisition:			£
Turnover			749,794
Loss after tax			(633,355)
			<u>          </u>

### 17 Stocks

	Group 2018 £	2017 £	Company 2018 £	2017 £
Finished goods and goods for resale	4,886,440	2,460,591	4,696,759	2,460,591
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 18 Debtors

	Group 2018	2017	Company 2018	2017
	£	£	£	£
<b>Amounts falling due within one year:</b>				
Trade debtors	35,432,549	36,311,293	35,227,127	36,311,293
Amounts owed by group undertakings	152,087	33,893	6,559,010	33,893
Other debtors	12,921,428	15,204,497	12,959,714	15,204,497
Insurance proceeds receivable	3,620,573	-	3,620,573	-
Prepayments and accrued income	1,079,703	26,558	1,079,703	26,558
	<u>53,206,340</u>	<u>51,576,241</u>	<u>59,446,127</u>	<u>51,576,241</u>

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

	Notes	Group 2018	2017	Company 2018	2017
		£	£	£	£
Bank loans and overdrafts	21	8,670,990	5,571,169	8,670,990	5,571,169
Trade creditors		15,478,322	21,122,994	15,467,565	21,122,994
Corporation tax payable		2,148,037	2,699,588	2,148,037	2,699,588
Other taxation and social security		298,378	75,775	298,378	75,775
Other creditors		414,438	299,632	414,438	299,632
Accruals and deferred income		4,211,986	1,178,670	4,211,986	1,178,670
		<u>31,222,151</u>	<u>30,947,828</u>	<u>31,211,394</u>	<u>30,947,828</u>

### 20 Creditors: amounts falling due after more than one year

	Notes	Group 2018	2017	Company 2018	2017
		£	£	£	£
Bank loans and overdrafts	21	6,629,269	4,323,709	6,629,269	4,323,709
		<u>6,629,269</u>	<u>4,323,709</u>	<u>6,629,269</u>	<u>4,323,709</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	713,782	2,774,024	713,782	2,774,024
	<u>713,782</u>	<u>2,774,024</u>	<u>713,782</u>	<u>2,774,024</u>

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 21 Borrowings

	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans	15,300,259	9,894,878	15,300,259	9,894,878
Payable within one year	8,670,990	5,571,169	8,670,990	5,571,169
Payable after one year	6,629,269	4,323,709	6,629,269	4,323,709

The bank loans are secured by fixed charges over certain properties and repayable by instalments.

Interest rates on loans are variable and range between 1.9% and 3.4% per annum.

The loans which are payable after one year mature between 2022 and 2030.

### 22 Financial instruments

	Group 2018 £	2017 £	Company 2018 £	2017 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	52,241,369	49,704,751	n/a	n/a
Equity instruments measured at cost less impairment	-	4,025	n/a	n/a
Instruments measured at fair value through profit or loss	24,988	24,987	24,988	24,987
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	35,405,005	32,496,174	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

### 23 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

Group	Liabilities 2018 £	Liabilities 2017 £
Accelerated capital allowances	34,815	20,210
Assets measured at fair value	99,000	99,000
On intangible fixed assets	379,686	-
	<u>513,501</u>	<u>119,210</u>

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 23 Deferred taxation (Continued)

	<b>Liabilities 2018</b>	<b>Liabilities 2017</b>
<b>Company</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	34,815	20,210
Assets measured at fair value	99,000	99,000
	<u>133,815</u>	<u>119,210</u>
	<b>Group 2018</b>	<b>Company 2018</b>
	<b>£</b>	<b>£</b>
<b>Movements in the year:</b>		
Liability at 1 September 2017	119,210	119,210
(Credit)/charge to profit or loss	(5,379)	14,605
Other	399,670	-
	<u>513,501</u>	<u>133,815</u>

Other movements represent amounts relating to the intangible fixed assets identified on acquisition of subsidiaries. These amounts are expected to reverse over the useful economic lives of these assets.

The deferred tax liability relating to accelerated capital allowances is expected to reverse over the life of the assets, and that relating to fair value gain on investment properties is expected to mature on disposal of the properties.

### 24 Retirement benefit schemes

	<b>2018</b>	<b>2017</b>
<b>Defined contribution schemes</b>	<b>£</b>	<b>£</b>
Charge to profit or loss in respect of defined contribution schemes	27,081	17,227
	<u>27,081</u>	<u>17,227</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 25 Share capital

	<b>Group and company</b>	
	<b>2018</b>	<b>2017</b>
<b>Ordinary share capital Issued and fully paid</b>	<b>£</b>	<b>£</b>
170,000 Ordinary shares of £1 each	170,000	170,000
	<u>170,000</u>	<u>170,000</u>

The ordinary shares have attached to them full voting, dividend and capital distribution rights.

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 26 Reserves

#### Other reserves

Other reserves represent the cumulative fair value gains and losses in respect of investment properties net of associated deferred tax.

#### Profit and loss reserves

Profit and loss reserves represent accumulated earnings of the business net of distributions to owners.

### 27 Cash generated from group operations

	2018 £	2017 £
Profit for the year after tax	2,988,013	5,040,536
Adjustments for:		
Taxation charged	776,738	1,425,868
Finance costs	423,606	184,481
Investment income	(26,679)	(14,970)
Loss on disposal of tangible fixed assets	671	-
Fair value losses on investment property	3,826,578	-
Amortisation and impairment of intangible assets	1,049,463	205,789
Depreciation and impairment of tangible fixed assets	138,343	122,080
Movements in working capital:		
(Increase)/decrease in stocks	(2,340,332)	1,492,070
(Increase) in debtors	(1,469,691)	(11,190,276)
(Decrease)/increase in creditors	(7,954,856)	1,574,481
<b>Cash absorbed by operations</b>	<b>(2,588,146)</b>	<b>(1,159,941)</b>

### 28 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel of the group, who are also directors, is as follows.

	2018 £	2017 £
Aggregate compensation	143,738	134,311

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 28 Related party transactions (Continued)

#### Transactions with related parties

Relationship	Description of transaction	Value of transactions in the period		Balance at period end	
		2018 £	2017 £	2018 £	2017 £
Common Control Entities	Purchase of freight services	4,166,710	4,558,638	1,364,108	1,298,658
Common Control Entities	Purchase of storage services	360,000	360,000	Nil	Nil
Common Control Entities	Loans	2,489,091	8,236	2,431,476	5,953,918
Common Control Entities	Management fees	649,747	1,111,774	5,919,502	5,269,755
Common Control Entities	Sales & Purchases	3,215,745	10,070,555	7,885,831	8,511,314
Directors, secretary & shareholders	Dividends and salaries	Nil	50,000	Nil	Nil

The above balances are included within trade debtors, other debtors or trade creditors, as appropriate.

There are no further transactions with related parties which are required to be disclosed under FRS 102 Section 33: Related Party Disclosures.

### 29 Controlling party

The group is controlled by Dr R Ranger and Mrs R Ranger by virtue of their 100% share holding of the share capital.