

# **Supreme Imports Limited**

Report and Financial Statements

Year Ended

31 March 2017

Company Number 05292196



# Supreme Imports Limited

## Company Information

---

<b>Directors</b>	S Chadha A Chadha
<b>Registered number</b>	05292196
<b>Registered office</b>	4 Beacon Road Ashburton Park Trafford Park Manchester M17 1AF
<b>Independent auditors</b>	BDO LLP 3 Hardman Street Manchester M3 3AT

# **Supreme Imports Limited**

## **Contents**

---

	<b>Page</b>
<b>Strategic Report</b>	<b>1</b>
<b>Directors' Report</b>	<b>2</b>
<b>Directors' Responsibilities Statement</b>	<b>3</b>
<b>Independent Auditors' Report</b>	<b>4 - 5</b>
<b>Statement of Comprehensive Income</b>	<b>6</b>
<b>Statement of Financial Position</b>	<b>7</b>
<b>Statement of Changes in Equity</b>	<b>8</b>
<b>Statement of Cash Flows</b>	<b>9</b>
<b>Notes to the Financial Statements</b>	<b>10 - 27</b>

# Supreme Imports Limited

## Strategic Report For the Year Ended 31 March 2017

---

The directors present their strategic report together with the audited financial statements for the year ended 31 March 2017.

The company is primarily engaged in wholesale distribution of batteries, lighting, vaping and the associated sundry products.

### Financial review

The directors are pleased with the results for the year with turnover increasing 20% to £71m and operating profit increasing 21% to £7m. This growth largely reflects organic growth from existing customers along with the impact from the introduction of new products. The group have also continued to closely manage its cost base which has seen operating margins increase from 10.2% to 10.3% and net worth increase from £12.4m to £13.4m.

### Principal risks and uncertainties

The company's key risks are considered to be foreign exchange and credit risk. The company obtains credit insurance to help mitigate its exposure to credit risk and obtains hedging arrangements to mitigate its risk of foreign exchange movements.

### Key performance indicators

The directors consider turnover, operating profit and operating margin to be the key performance indicators for the business as shown in the financial review above.

The company has concentrated on diversifying its interests and has enjoyed significant growth in Sales for the 12 months to March 2017 in Batteries, Lighting and Vaping. In addition the company began manufacturing vape liquids.

This report was approved by the board on 25<sup>TH</sup> OCTOBER 2017 and signed on its behalf.



**S Chadha**  
Director

# Supreme Imports Limited

## Directors' Report For the Year Ended 31 March 2017

The directors present their report together with the audited financial statements for the year ended 31 March 2017.

### Results and dividends

The profit for the year, after taxation, amounted to £5,532,972 (2016 - £4,847,878).

A dividend of £4,500,000 (2016 - £Nil) was paid during the year.

### Business review

A review of the business and its principal risks and uncertainties is set out in the strategic report on page 1 of these financial statements.

### Directors

The directors who served during the year were:

S Chadha  
A Chadha  
G Chadha (resigned 31 July 2016)

### Post balance sheet events

There have been no significant events affecting the company since the year end.

### Disclosure of information to auditors

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

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

### Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 25<sup>th</sup> October 2017 and signed on its behalf.

x   
S Chadha  
Director

# **Supreme Imports Limited**

## **Directors' Responsibilities Statement For the Year Ended 31 March 2017**

---

The directors are responsible for preparing the strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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;
- 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 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 to 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.

# Supreme Imports Limited

## Independent Auditor's Report to the Members of Supreme Imports Limited

---

We have audited the financial statements of Supreme Imports Limited for the year ended 31 March 2017 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's 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 purposes. 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 auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### 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 31 March 2017 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, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

# Supreme Imports Limited

## Independent Auditor's Report to the Members of Supreme Imports Limited

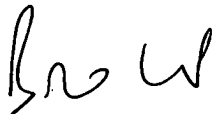
---

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

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

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

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



**Julien Rye** (Senior statutory auditor)  
for and on behalf of BDO LLP, Statutory auditor  
Manchester  
United Kingdom

20 October 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



# Supreme Imports Limited

## Statement of Comprehensive Income For the Year Ended 31 March 2017

	Note	2017 £	2016 £
Turnover	4	70,696,335	59,028,131
Cost of sales		(58,028,112)	(47,739,549)
<b>Gross profit</b>		<b>12,668,223</b>	<b>11,288,582</b>
Administrative expenses		(5,465,859)	(5,254,817)
<b>Operating profit</b>	5	<b>7,202,364</b>	<b>6,033,765</b>
Interest receivable and similar income	8	18,548	357,018
Interest payable and expenses	9	(302,738)	(383,550)
<b>Profit before tax</b>		<b>6,918,174</b>	<b>6,007,233</b>
Tax on profit	10	(1,385,202)	(1,159,355)
<b>Profit for the financial year</b>		<b>5,532,972</b>	<b>4,847,878</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>5,532,972</b>	<b>4,847,878</b>

The notes on pages 10 to 27 form part of these financial statements.

**Supreme Imports Limited**  
Registered number:05292196

**Statement of Financial Position**  
**As at 31 March 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Intangible assets	12	162,419	189,489
Tangible assets	13	1,819,108	1,419,305
		<u>1,981,527</u>	<u>1,608,794</u>
<b>Current assets</b>			
Stocks	15	8,376,468	8,979,212
Debtors	16	13,223,340	11,087,300
Cash at bank and in hand		1,878,506	854,001
		<u>23,478,314</u>	<u>20,920,513</u>
Creditors: amounts falling due within one year	17	(10,081,307)	(10,162,279)
<b>Net current assets</b>		<u>13,397,007</u>	<u>10,758,234</u>
Creditors: amounts falling due after more than one year	18	(1,978,534)	-
<b>Net assets</b>		<u><u>13,400,000</u></u>	<u><u>12,367,028</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	10	10
Profit and loss account	23	13,399,990	12,367,018
<b>Total equity</b>		<u><u>13,400,000</u></u>	<u><u>12,367,028</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
25<sup>TH</sup> OCTOBER 2017

x   
**S Chadha**  
Director

The notes on pages 10 to 27 form part of these financial statements.

# Supreme Imports Limited

## Statement of Changes in Equity For the Year Ended 31 March 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2016	10	12,367,018	12,367,028
<b>Comprehensive income for the year</b>			
Profit for the year	-	5,532,972	5,532,972
<b>Total comprehensive income for the year</b>	-	5,532,972	5,532,972
Dividends: Equity capital	-	(4,500,000)	(4,500,000)
<b>Total transactions with owners</b>	-	(4,500,000)	(4,500,000)
<b>At 31 March 2017</b>	<b>10</b>	<b>13,399,990</b>	<b>13,400,000</b>

## Statement of Changes in Equity For the Year Ended 31 March 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2015 (as restated)	10	7,519,140	7,519,150
<b>Comprehensive income for the year</b>			
Profit for the year	-	4,847,878	4,847,878
<b>Total comprehensive income for the year</b>	-	4,847,878	4,847,878
<b>Total transactions with owners</b>	-	-	-
<b>At 31 March 2016</b>	<b>10</b>	<b>12,367,018</b>	<b>12,367,028</b>

The notes on pages 10 to 27 form part of these financial statements.

# Supreme Imports Limited

## Statement of Cash Flows For the Year Ended 31 March 2017

	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	5,532,972	4,847,878
<b>Adjustments for:</b>		
Amortisation of intangible assets	27,070	27,031
Depreciation of tangible assets	220,825	45,795
Loss on disposal of tangible assets	107,035	-
Finance costs	302,738	383,550
Finance income	(18,548)	(357,018)
Taxation charge	1,385,202	1,159,355
Decrease/(increase) in stocks	602,744	(1,410,059)
(Increase) in debtors	(2,144,171)	(3,364,553)
(Increase)/decrease in amounts owed by groups	(36,493)	-
Increase in creditors	2,718,024	1,183,659
Corporation tax (paid)	(1,129,281)	(1,113,571)
<b>Net cash generated from operating activities</b>	<b>7,568,117</b>	<b>1,402,067</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(754,994)	(681,736)
Sale of tangible fixed assets	27,331	-
Interest received	18,548	-
<b>Net cash from investing activities</b>	<b>(709,115)</b>	<b>(681,736)</b>
<b>Cash flows from financing activities</b>		
New secured loans	2,617,451	-
Repayment of other loans	(3,649,210)	(227,873)
Dividends paid	(4,500,000)	-
Finance costs	(302,738)	(252,705)
<b>Net cash used in financing activities</b>	<b>(5,834,497)</b>	<b>(480,578)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,024,505</b>	<b>239,753</b>
Cash and cash equivalents at beginning of year	854,001	614,248
<b>Cash and cash equivalents at the end of year</b>	<b>1,878,506</b>	<b>854,001</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,878,506	854,001

# Supreme Imports Limited

## Notes to the Financial Statements For the Year Ended 31 March 2017

---

### 1. General information

Supreme Imports Limited is a company limited by shares incorporated in England and Wales under the Companies Act 2006. The address of the registered office is on the company information page. The nature of the group's operations and its principal activities are set out in the strategic report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

#### 2.2 Consolidated financial statements

The financial statements contain information about Supreme Imports Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt from preparing consolidated financial statements on the basis that subsidiary undertakings are not material.

#### 2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 2.4 Intangible assets

##### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the statement of comprehensive income over its useful economic life of 10 years.

# Supreme Imports Limited

## Notes to the Financial Statements For the Year Ended 31 March 2017

---

### 2. Accounting policies (continued)

#### 2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Plant and machinery	-	25% straight line
Fixtures and fittings	-	25% straight line
Fashion hire assets	-	25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

#### 2.6 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

#### 2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

#### 2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

# Supreme Imports Limited

## Notes to the Financial Statements For the Year Ended 31 March 2017

---

### 2. Accounting policies (continued)

#### 2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

#### 2.10 Financial instruments

The company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an 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.

# Supreme Imports Limited

## Notes to the Financial Statements For the Year Ended 31 March 2017

---

### 2. Accounting policies (continued)

#### 2.10 Financial instruments (continued)

The company has entered into forward foreign exchange contracts in the year which are not classed as a basic financial instrument. 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 income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

#### 2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 2.12 Foreign currency translation

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the statement of financial position date. Any differences are taken to the statement of comprehensive income.

#### 2.13 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### 2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at board meetings. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

#### 2.15 Pensions

##### Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

#### 2.16 Finance income

Finance income is recognised in the statement of comprehensive income using the effective interest method.



# Supreme Imports Limited

## Notes to the Financial Statements For the Year Ended 31 March 2017

---

### 2. Accounting policies (continued)

#### 2.17 Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

#### 2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

# Supreme Imports Limited

## Notes to the Financial Statements For the Year Ended 31 March 2017

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 13)  
Tangible fixed assets, other than investments properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

### 4. Turnover

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	57,802,936	46,815,909
Rest of Europe	11,705,564	11,272,106
Rest of the world	1,187,835	940,116
	<u>70,696,335</u>	<u>59,028,131</u>

Turnover is wholly attributable to the principal activity of the company.

# Supreme Imports Limited

## Notes to the Financial Statements For the Year Ended 31 March 2017

### 5. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	220,825	45,795
Amortisation of intangible assets, including goodwill	27,070	27,031
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	14,000	15,500
Fees payable to the company's auditor and its associates for taxation and compliance services	10,000	10,000
Exchange differences	21,991	130,845
Other operating lease rentals	446,204	555,854
Defined contribution pension cost	126,541	190,609
	<u>220,825</u>	<u>220,825</u>

### 6. Employees

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

	2017 £	2016 £
Wages and salaries	2,690,726	2,160,962
Social security costs	329,296	252,020
Cost of defined contribution scheme	126,541	190,609
	<u>3,146,563</u>	<u>2,603,591</u>

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

	2017 No.	2016 No.
Management	4	4
Administration	25	22
Warehouse	49	37
Sales	18	16
	<u>96</u>	<u>79</u>

# Supreme Imports Limited

## Notes to the Financial Statements For the Year Ended 31 March 2017

### 7. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	<u>16,245</u>	<u>16,245</u>

The highest paid director received remuneration of £8,998 (2016 - £8,998).

The total accrued pension provision of the highest paid director at 31 March 2017 amounted to £Nil (2016 - £Nil).

### 8. Finance income

	2017 £	2016 £
Other interest receivable	<u>18,548</u>	<u>357,018</u>

### 9. Finance costs

	2017 £	2016 £
Bank interest payable	72,409	46,149
Other loan interest payable	208,338	206,556
Change in fair value of foreign exchange contracts	21,991	130,845
	<u>302,738</u>	<u>383,550</u>

# Supreme Imports Limited

## Notes to the Financial Statements For the Year Ended 31 March 2017

### 10. Taxation

	2017 £	2016 £
<b>Corporation tax</b>		
Current tax on profits for the year	1,354,350	1,185,954
Adjustments in respect of previous periods	21,213	(9,039)
<b>Total current tax</b>	<b>1,375,563</b>	<b>1,176,915</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	22,188	(7,579)
Adjustments in respect of prior periods	(14,448)	(11,090)
Effect of tax rate change on opening balance	1,899	1,109
<b>Total deferred tax</b>	<b>9,639</b>	<b>(17,560)</b>
<b>Taxation on profit on ordinary activities</b>	<b>1,385,202</b>	<b>1,159,355</b>

### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	6,918,174	6,007,233
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	1,383,635	1,201,447
<b>Effects of:</b>		
Expenses not deductible for tax purposes	4,322	10,945
Capital allowances for year in excess of depreciation	-	5,437
Adjustment to tax charge due to change in tax rates	(2,895)	-
Adjustments to tax charge in respect of prior periods	(14,923)	(17,684)
Deferred tax not recognised	(4,444)	(40,790)
Other differences leading to an increase in the tax charge	19,507	-
<b>Total tax charge for the year</b>	<b>1,385,202</b>	<b>1,159,355</b>

### Factors that may affect future tax charges

# Supreme Imports Limited

## Notes to the Financial Statements For the Year Ended 31 March 2017

### 10. Taxation (continued)

The corporation tax rate is scheduled to reduce of the coming years from 20% to 17% by 2020. This will affect future tax charges accordingly.

### 11. Dividends

	2017 £	2016 £
<b>Ordinary</b>		
Interim paid of £450,000 (2016 - £Nil) per share	<u>4,500,000</u>	<u>-</u>

### 12. Intangible assets

	Purchased goodwill £
<b>Cost</b>	
At 1 April 2016	612,040
At 31 March 2017	<u>612,040</u>
<b>Amortisation</b>	
At 1 April 2016	422,551
Charge for the year	27,070
At 31 March 2017	<u>449,621</u>
<b>Net book value</b>	
At 31 March 2017	<u>162,419</u>
At 31 March 2016	<u>189,489</u>

# Supreme Imports Limited

## Notes to the Financial Statements For the Year Ended 31 March 2017

### 13. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Fashion hire assets £	Total £
<b>Cost or valuation</b>				
At 1 April 2016	249,143	173,209	1,187,183	1,609,535
Additions	296,854	51,299	553,341	901,494
Disposals	(27,331)	-	(253,535)	(280,866)
At 31 March 2017	518,666	224,508	1,486,989	2,230,163
<b>Depreciation</b>				
At 1 April 2016	48,545	99,205	42,480	190,230
Charge for the period on owned assets	84,837	21,668	114,320	220,825
At 31 March 2017	133,382	120,873	156,800	411,055
<b>Net book value</b>				
At 31 March 2017	385,284	103,635	1,330,189	1,819,108
At 31 March 2016	200,598	74,004	1,144,703	1,419,305

# Supreme Imports Limited

## Notes to the Financial Statements For the Year Ended 31 March 2017

### 14. Fixed asset investments

#### Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interests at the year end is 20% or more are as follows:

Name	Class of shares	Holding	Principal activity
Battery Force Limited	Ordinary	100%	Dormant
Lazoron Plc	Ordinary	100%	Dormant
Saira Shoes Limited	Ordinary	100%	Dormant

The registered office of Battery Force Limited is 4 Beacon Road, Ashburton Park, Trafford Park, Manchester, M17 1AF.

The registered office of Lazoron Plc is 4 Beacon Road, Ashburton Park, Trafford Park, Manchester, M17 1AF.

The registered office of Saira Shoes Limited is 4 Beacon Road, Ashburton Park, Trafford Park, Manchester, M17 1AF.

The aggregate of the share capital and reserves as at 31 March 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £
Battery Force Limited	1
Lazoron Plc	1
Saira Shoes Limited	1
	<u>3</u>

### 15. Stocks

	2017 £	2016 £
Finished goods and goods for resale	<u>8,376,468</u>	<u>8,979,212</u>

Stock recognised in cost of sales as an expense during the year was £52,772,673 (2016 - £44,532,175).

There is no material difference between the replacement cost of stock and the amounts stated above.



# Supreme Imports Limited

## Notes to the Financial Statements For the Year Ended 31 March 2017

### 16. Debtors

	2017 £	2016 £
Trade debtors	9,776,207	7,126,447
Amounts owed by group undertakings	153,114	116,621
Other debtors	2,903,199	1,772,654
Prepayments and accrued income	374,335	2,010,469
Tax recoverable	8,564	43,549
Deferred taxation	7,921	17,560
	<u>13,223,340</u>	<u>11,087,300</u>

The impairment loss recognised in profit or loss for the year in respect of bad and doubtful trade debtors was £26,292 (2016 - £20,930).

### 17. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank loans	638,917	-
Other loans	507,111	4,156,321
Trade creditors	4,928,546	3,005,826
Amounts owed to group undertakings	73,553	73,553
Corporation tax	1,375,563	1,164,266
Other taxation and social security	390,581	67,445
Other creditors	486,941	88,740
Accruals and deferred income	1,529,095	1,477,119
Forward foreign exchange contracts	151,000	129,009
	<u>10,081,307</u>	<u>10,162,279</u>

Other loans includes an invoice discounting facility of £Nil (2016 - £3,396,995) and a supply chain facility of £507,111 (2016 - £759,326).

A guarantee exists in favour of HM Revenue and Customs for £300,000 (2016 - £300,000).

# Supreme Imports Limited

## Notes to the Financial Statements For the Year Ended 31 March 2017

### 18. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Bank loans	1,978,534	-
	<u>1,978,534</u>	<u>-</u>

#### Secured loans

The bank loan is secured by way of a fixed and floating charge over all assets. It is repayable in quarterly installments of £53,242 over the 5 year term. Interest is charged at a rate of 2% over the Bank of England base rate.

### 19. Loans

Analysis of the maturity of loans is given below:

	2017 £	2016 £
<b>Amounts falling due within one year</b>		
Bank loans	638,917	-
Other loans	507,111	4,156,321
	<u>1,146,028</u>	<u>4,156,321</u>
<b>Amounts falling due 1-2 years</b>		
Bank loans	638,917	-
	<u>638,917</u>	<u>-</u>
<b>Amounts falling due 2-5 years</b>		
Bank loans	1,339,617	-
	<u>1,339,617</u>	<u>-</u>
	<u>3,124,562</u>	<u>4,156,321</u>

# Supreme Imports Limited

## Notes to the Financial Statements For the Year Ended 31 March 2017

### 20. Financial instruments

	2017 £	2016 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>13,046,861</u>	<u>9,882,372</u>
<b>Financial liabilities</b>		
Derivative financial instruments measured at fair value through profit or loss	(151,000)	(129,009)
Financial liabilities measured at amortised cost	<u>(10,242,870)</u>	<u>(8,508,777)</u>
	<u>(10,393,870)</u>	<u>(8,637,786)</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors, amounts owed by group undertakings and cash.

Financial liabilities measured at amortised cost comprise trade creditors, bank loans and overdrafts, other loans, amounts owed to group undertakings and accruals.

Derivative financial instruments relate to forward exchange contracts recognised at fair value through profit or loss.

### 21. Deferred taxation

	2017 £
At beginning of year	17,560
Charged to the profit or loss	(9,639)
<b>At end of year</b>	<u><u>7,921</u></u>

The deferred tax asset is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	(75,412)	(48,658)
Short term timing differences	79,137	66,218
Tax losses carried forward	4,196	-
	<u>7,921</u>	<u>17,560</u>

# Supreme Imports Limited

## Notes to the Financial Statements For the Year Ended 31 March 2017

### 22. Share capital

	2017 £	2016 £
<b>Allotted, called up and fully paid</b>		
10 ordinary shares of £1 each	<u>10</u>	<u>10</u>

### 23. Reserves

The company's capital and reserves are as follows:

#### Share capital

Called up share capital reserve represents the nominal value of the shares issued.

#### Profit and loss account

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

### 24. Contingent liabilities

The company has been informed by HMRC that certain of its purchases from one supplier have been traced to an unidentified defaulting trader and tax loss earlier in the supply chain. In such circumstances there is a risk that HMRC may seek to deny the company its right to recover the VAT paid out on such purchases totalling £1.05 million (and apply interest and penalties of up to 100%). However, HMRC's enquiries are at an early stage and the company has received legal advice as to the circumstances of the transactions and believes that it could successfully defend any such restriction by HMRC. As a consequence of these factors, no provision has been made in the accounts for the VAT or accompanying interest or penalties.

### 25. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £126,541 (2016 - £190,609). Contributions totalling £Nil (2016 - £Nil) were payable to the fund at the reporting date and are included in creditors.

# Supreme Imports Limited

## Notes to the Financial Statements For the Year Ended 31 March 2017

### 26. Commitments under operating leases

At 31 March 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	227,283	256,493
Later than 1 year and not later than 5 years	61,574	224,410
	<u>288,857</u>	<u>480,903</u>

### 27. Other financial commitments

The company has entered into US dollar and Euro forward exchange contracts. As at 31 March 2017 the company had commitments to purchasing \$20,927,780 (2016 - \$12,197,520) and a commitment to selling \$2,300,000 (2016 - \$2,000,000) at varying forward rates within the financial year.

### 28. Related party transactions

Within creditors, there is an amount owing to S Chadha of £165,155 (2016 - £354,068). This balance includes an accrual for unpaid interest of £265,328 (2016 - £265,328).

Chadha Properties, an entity owned by G Chadha, owns the property that is occupied by Supreme Imports Limited. Total rental costs and service charges in the year were £180,000 (2016 - £180,000).

Nash Peters Limited is a related party through S Chadha being a shareholder within the company. Supreme Imports Limited provided £30,141 (2016 - £323,383) of loans to Nash Peters during the year. At the year end, Nash Peters owed Supreme Imports Limited £1,764,338 (2016 - £1,734,197) which is shown within debtors due within one year. The debt is due on demand and interest is charged at 5% on the balance outstanding.

During the year Supreme Imports bought fashion hire assets from a director of the company for £Nil (2016 - £1,118,087).

During the year the company sold goods to a value of £227,000 (2016 - £277,000) to Vape Nation Limited, a company in which S Chadha is a shareholder. The transactions were on normal commercial terms. The year end balance with Vape Nation Limited is £31,516 (2016 - £31,041) which is shown within other debtors.

Key management personnel include all directors and a number of senior managers across the group who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was £544,332 (2016 - £429,886).

### 29. Post balance sheet events

On 1 April 2017, the company purchased the entire share capital of Vape Nation Limited for a consideration of £1.

# **Supreme Imports Limited**

## **Notes to the Financial Statements For the Year Ended 31 March 2017**

---

### **30. Ultimate parent company and parent undertaking of larger group**

The immediate parent company is SI Jersey Limited, a company incorporated in Jersey. The ultimate parent company is SI Holdings Jersey Limited, which is under the ultimate control of S Chadha due to his shareholding in that company.