

Company Registration No. 05668310 (England and Wales)

**KANS AND KANDY (HOLDINGS) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**



# KANS AND KANDY (HOLDINGS) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr I D Marley Mr M Razaq Mr J Iqbal
<b>Secretary</b>	Mr M Razaq
<b>Company number</b>	05668310
<b>Registered office</b>	9 Foxcover Distribution Park Admiralty Way Seaham Co Durham SR7 7DN
<b>Auditor</b>	Baldwins Audit Services Limited Rowlands House Portobello Road Birtley Chester-le-Street Co. Durham DH3 2RY

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# KANS AND KANDY (HOLDINGS) LIMITED

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# **KANS AND KANDY (HOLDINGS) LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 30 JUNE 2017**

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The directors present the strategic report for the year ended 30 June 2017.

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

The core activity of the group remains its wholesale division, which has produced results for the year deemed satisfactory by the directors.

Turnover remained steady and in line with the previous year, which was as expected given the order book. Overall profitability also match the expectation of the directors and is deemed very satisfactory given the prevailing market conditions.

The group has invested significantly in its property division this year. This has been done to further diversify the activities of the group.

Rental income has increased following the aforementioned acquisitions, whilst borrowing levels from third parties has also increased in order to fund this investment.

### **Principal risks and uncertainties**

The principal risk to the wholesale business is the changing nature of the retail sector as a whole. Certain established retail brands have struggled in recent years whilst new entrants and those at the discount end of the market have thrived. The directors continue to monitor the changes and focus their efforts on the expanding parts of the sector.

The long term growth prospects of the UK economy remain unclear as a result of the Brexit vote and future performance may be influenced by the nature of the UK's international trade agreements with key partners post-Brexit.

The principal risk to the property business, on the other hand, is the risk of vacancy. This risk is mitigated by long term lease agreements.

Commercial property prices have fluctuated depending on the location and use of the sites. The directors have carefully selected properties that have shown steady growth and are in locations with good long term locations. The exposure to fluctuating prices has therefore been mitigate through careful planning.

### **Development and performance**

The results for the year and the financial position at the year end have met the expectations of the directors and are therefore considered to be good by the directors. The directors monitor orders on a daily basis to assess the performance of the company.

Careful management of the quality and quantity of stock held remains one of the core strengths of the business. The directors will continue to make buying decisions based on a case-by-case basis in order to ensure that overall margins are maximised.

# KANS AND KANDY (HOLDINGS) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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### Key performance indicators

In the wholesale division the directors continue to use the level of stock held, gross margins and turnover as key performance indicators of the business and monitor these on a regular basis.

	2017	2016
Stock	£2,912,716	£4,561,480
Turnover	£16,616,236	£16,769,912
Gross profit margin	29.7%	33.6%

As stated previously, the level of stock held at any given time is dependent on the availability of suitable products from key suppliers. This also directly impacts the margins that can be achieved by the business. Given the nature of the stock available throughout the year, the directors consider all KPIs to be in line with expectation.

Turnover has remained steady which is as expected. However, gross profit margin decreased due to the reasons outline above.

In the properties division the directors consider rental income and property valuation to be the key performance indicators of the company.

	2017	2016
Turnover	£1,488,986	£597,138
Investment Properties	£27,283,013	£9,178,232

Turnover has more than doubled as a result of the increase in the number of investment properties held.

On behalf of the board

Mr M Razaq

Director

30th January 2018

# KANS AND KANDY (HOLDINGS) LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 30 JUNE 2017**

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The directors present their annual report and financial statements for the year ended 30 June 2017.

### Principal activities

The principal activity of the company continued to be that of a holding company.

The principal activities of the group continued to be that of wholesalers and of holding investment property.

### Directors

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

Mr I D Marley

Mr M Razaq

Mr J Iqbal

### Results and dividends

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

Ordinary dividends were paid amounting to £675,000. The directors do not recommend payment of a further dividend.

Preference dividends were paid amounting to £206,250. The directors do not recommend payment of a final dividend.

### Auditor

The auditor, Baldwins Audit Services Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

On behalf of the board

  
.....  
Mr M Razaq

Director

30th January 2018

# **KANS AND KANDY (HOLDINGS) LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 30 JUNE 2017***

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

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

# KANS AND KANDY (HOLDINGS) LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF KANS AND KANDY (HOLDINGS) LIMITED

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#### Opinion

We have audited the financial statements of Kans and Kandy (Holdings) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2017 which comprise the consolidated Profit And Loss Account, the consolidated Statement of Comprehensive Income, the consolidated and parent company Balance Sheet, the consolidated and parent 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 of the parent company's affairs as at 30 June 2017 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 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 group and parent company financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the group and parent company 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 group and parent company financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group and parent company 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 group and parent company 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.



# KANS AND KANDY (HOLDINGS) LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF KANS AND KANDY (HOLDINGS) LIMITED

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#### **Opinion on other matter 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.

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

In the light of the knowledge and understanding of the group and parent company and its 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 where 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, the directors are responsible for the preparation of the group and parent company 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 group and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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.

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.

# KANS AND KANDY (HOLDINGS) LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF KANS AND KANDY (HOLDINGS) LIMITED

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*Baldwins Audit Services Limited*

Colin Chater (Senior Statutory Auditor)  
for and on behalf of Baldwins Audit Services Limited

Chartered Accountants  
Statutory Auditor

*30th January 2018*

Rowlands House  
Portobello Road  
Birtley  
Chester-le-Street  
Co. Durham  
DH3 2RY

# KANS AND KANDY (HOLDINGS) LIMITED

## GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £	2016 £
<b>Turnover</b>	<b>3</b>	18,105,221	17,367,050
Cost of sales		(11,684,907)	(11,127,124)
<b>Gross profit</b>		6,420,314	6,239,926
Administrative expenses		(1,818,468)	(1,598,215)
Profit/(loss) on sale of properties		-	41,734
<b>Operating profit</b>	<b>4</b>	4,601,846	4,683,445
Interest receivable and similar income	<b>7</b>	136	2,204
Interest payable and similar charges	<b>8</b>	(307,824)	(135,936)
Amounts written off investments		54,984	-
Fair value gains and losses on investment properties		215,769	-
<b>Profit before taxation</b>		4,564,911	4,549,713
Taxation	<b>9</b>	(914,489)	(905,253)
<b>Profit for the financial year</b>	<b>25</b>	3,650,422	3,644,460

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

# KANS AND KANDY (HOLDINGS) LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

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	2017 £	2016 £
Profit for the year	3,650,422	3,644,460
Other comprehensive income	-	-
Total comprehensive income for the year	<u>3,650,422</u>	<u>3,644,460</u>

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

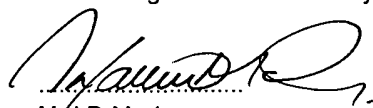
# KANS AND KANDY (HOLDINGS) LIMITED

## GROUP BALANCE SHEET

AS AT 30 JUNE 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Tangible assets	11	4,326,326		4,390,087	
Investment properties	12	27,283,013		9,178,232	
Investments	13	1		2	
		<u>31,609,340</u>		<u>13,568,321</u>	
<b>Current assets</b>					
Stocks	16	2,912,716		4,561,480	
Debtors	17	4,257,946		3,477,159	
Cash at bank and in hand		1,138,854		1,862,012	
		<u>8,309,516</u>		<u>9,900,651</u>	
<b>Creditors: amounts falling due within one year</b>	18	<u>(5,396,950)</u>		<u>(4,939,182)</u>	
<b>Net current assets</b>		2,912,566		4,961,469	
<b>Total assets less current liabilities</b>		<u>34,521,906</u>		<u>18,529,790</u>	
<b>Creditors: amounts falling due after more than one year</b>	19	(17,955,300)		(4,752,411)	
<b>Provisions for liabilities</b>	22	(343,379)		(323,324)	
<b>Net assets</b>		<u>16,223,227</u>		<u>13,454,055</u>	
<b>Capital and reserves</b>					
Called up share capital	24	1,200		1,200	
Profit and loss reserves	25	16,222,027		13,452,855	
<b>Total equity</b>		<u>16,223,227</u>		<u>13,454,055</u>	

The financial statements were approved by the board of directors and authorised for issue on 30th January 2018 and are signed on its behalf by:

  
 Mr I D Marley  
 Director

  
 Mr M Razaq  
 Director

# KANS AND KANDY (HOLDINGS) LIMITED

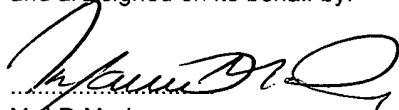
## COMPANY BALANCE SHEET

AS AT 30 JUNE 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Investments	13		7		8
<b>Current assets</b>					
Debtors	17	2,081,749		1,462,999	
Cash at bank and in hand		24,157		24,190	
		<u>2,105,906</u>		<u>1,487,189</u>	
<b>Creditors: amounts falling due within one year</b>	18	<u>(975,592)</u>		<u>(324,728)</u>	
<b>Net current assets</b>			1,130,314		1,162,461
<b>Total assets less current liabilities</b>			<u>1,130,321</u>		<u>1,162,469</u>
<b>Capital and reserves</b>					
Called up share capital	24		1,200		1,200
Profit and loss reserves	25		1,129,121		1,161,269
<b>Total equity</b>			<u>1,130,321</u>		<u>1,162,469</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 30th January 2018 and are signed on its behalf by:

  
Mr D Marley  
Director

  
Mr M Razaq  
Director

Company Registration No. 05668310

# KANS AND KANDY (HOLDINGS) LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 July 2015</b>		1,200	10,536,795	10,537,995
<b>Year ended 30 June 2016:</b>				
Profit and total comprehensive income for the year		-	3,644,460	3,644,460
Dividends	10	-	(728,400)	(728,400)
<b>Balance at 30 June 2016</b>		1,200	13,452,855	13,454,055
<b>Year ended 30 June 2017:</b>				
Profit and total comprehensive income for the year		-	3,650,422	3,650,422
Dividends	10	-	(881,250)	(881,250)
<b>Balance at 30 June 2017</b>		1,200	16,222,027	16,223,227

# KANS AND KANDY (HOLDINGS) LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 July 2015</b>		1,200	1,214,682	1,215,882
<b>Year ended 30 June 2016:</b>				
Profit and total comprehensive income for the year		-	674,987	674,987
Dividends	10	-	(728,400)	(728,400)
<b>Balance at 30 June 2016</b>		1,200	1,161,269	1,162,469
<b>Year ended 30 June 2017:</b>				
Profit and total comprehensive income for the year		-	849,102	849,102
Dividends	10	-	(881,250)	(881,250)
<b>Balance at 30 June 2017</b>		1,200	1,129,121	1,130,321



# KANS AND KANDY (HOLDINGS) LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	29	5,613,400		4,944,508	
Interest paid		(307,824)		(135,936)	
Income taxes paid		(1,122,272)		(699,001)	
<b>Net cash inflow from operating activities</b>		<b>4,183,304</b>		<b>4,109,571</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(1,400)		(35,760)	
Proceeds on disposal of tangible fixed assets		-		21,732	
Purchase of investment property		(17,933,012)		(2,429,231)	
Proceeds on disposal of investment property		32,500		621,534	
Proceeds from other investments and loans		183,331		147,187	
Interest received		136		2,204	
<b>Net cash used in investing activities</b>		<b>(17,718,445)</b>		<b>(1,672,334)</b>	
<b>Financing activities</b>					
Proceeds of new bank loans		17,955,300		-	
Repayment of bank loans		(5,206,578)		(471,760)	
Payment of finance leases obligations		(84,039)		(78,713)	
Dividends paid to equity shareholders		(881,250)		(728,400)	
<b>Net cash generated from/(used in) financing activities</b>		<b>11,783,433</b>		<b>(1,278,873)</b>	
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,751,708)</b>		<b>1,158,364</b>	
Cash and cash equivalents at beginning of year		1,862,012		703,648	
<b>Cash and cash equivalents at end of year</b>		<b>110,304</b>		<b>1,862,012</b>	
<b>Relating to:</b>					
Cash at bank and in hand		1,138,854		1,862,012	
Bank overdrafts included in creditors payable within one year		(1,028,550)		-	

# KANS AND KANDY (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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### 1 Accounting policies

#### Company information

Kans and Kandy (Holdings) Limited ("the Company") is a limited company domiciled and incorporated in England and Wales. The registered office is 9 Foxcover Distribution Park, Admiralty Way, Seaham, Co Durham, SR7 7DN.

The Group consists of Kans and Kandy (Holdings) Limited and all of its subsidiaries.

#### 1.1 Accounting convention

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

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

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

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 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £849,102 (2016 - £674,987 profit).

# KANS AND KANDY (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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### 1 Accounting policies

(Continued)

#### 1.2 Basis of consolidation

In the parent company financial statements, 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. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Kans and Kandy (Holdings) Limited and all of its subsidiaries (ie 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 30 June 2017. 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.

MK Investments 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 MK Investments Limited for the 4 month period from its acquisition on 2nd February 2017. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

#### 1.3 Going concern

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

#### 1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

# KANS AND KANDY (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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### 1 Accounting policies

(Continued)

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.5 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.

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 land and buildings	Land is not depreciated
Plant and equipment	15% Reducing balance
Fixtures and fittings	15% Reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

#### 1.6 Investment properties

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

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

#### 1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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.

# KANS AND KANDY (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2017

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#### 1 Accounting policies

(Continued)

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### 1.8 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

# KANS AND KANDY (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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### 1 Accounting policies

(Continued)

#### 1.9 Stocks

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

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

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

#### 1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.11 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 in the group's statement of financial position 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 debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

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

# KANS AND KANDY (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2017

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#### 1 Accounting policies

(Continued)

##### **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.

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

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

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

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

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

#### 1.12 Equity instruments

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

#### 1.13 Taxation

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

# KANS AND KANDY (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### 1 Accounting policies

(Continued)

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.14 Employee benefits**

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

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

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

#### **1.15 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.16 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.



# KANS AND KANDY (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### 1 Accounting policies

(Continued)

#### 1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

### 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.

### 3 Turnover and other revenue

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

	2017 £	2016 £
<b>Turnover</b>		
Wholesale	16,616,236	16,769,912
Rental income	1,488,985	597,138
	<u>18,105,221</u>	<u>17,367,050</u>
 <b>Other significant revenue</b>		
Interest income	<u>136</u>	<u>2,204</u>

#### Turnover analysed by geographical market

	2017 £	2016 £
UK	13,651,030	13,641,931
Europe	3,213,515	2,579,881
Worldwide	1,240,676	1,145,238
	<u>18,105,221</u>	<u>17,367,050</u>

# KANS AND KANDY (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

### 4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(16,134)	(36,053)
Depreciation of owned tangible fixed assets	36,668	40,142
Depreciation of tangible fixed assets held under finance leases	28,493	33,640
Loss on disposal of investment property	11,500	-
Cost of stocks recognised as an expense	11,701,041	11,163,177
Operating lease charges	18,094	172,392
	<u>          </u>	<u>          </u>

### 5 Auditor's remuneration

	2017 £	2016 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	-	-
Audit of the company's subsidiaries	20,000	20,000
	<u>          </u>	<u>          </u>

### 6 Employees

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

	2017 Number	2016 Number
Directors	3	3
Administration	8	9
Warehouse	12	10
	<u>          </u>	<u>          </u>
	23	22
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	497,404	488,362
Social security costs	44,200	41,860
Pension costs	3,152	790
	<u>          </u>	<u>          </u>
	544,756	531,012
	<u>          </u>	<u>          </u>

# KANS AND KANDY (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### 7 Interest receivable and similar income

	2017 £	2016 £
<b>Interest income</b>		
Interest on bank deposits	107	1,515
Other interest income	29	689
	<u>136</u>	<u>2,204</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>107</u>	<u>1,515</u>
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### 8 Interest payable and similar charges

	2017 £	2016 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	14,253	1,049
Interest on finance leases and hire purchase contracts	5,194	11,678
Other interest on financial liabilities	285,619	122,780
	<u>305,066</u>	<u>135,507</u>
<b>Other finance costs:</b>		
Other interest	2,758	429
	<u>307,824</u>	<u>135,936</u>

### 9 Taxation

	2017 £	2016 £
UK corporation tax on profits for the current period	<u>894,434</u>	<u>913,711</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>20,055</u>	<u>(8,458)</u>
	<u>914,489</u>	<u>905,253</u>

# KANS AND KANDY (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2017

#### 9 Taxation

(Continued)

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

	2017 £	2016 £
Profit before taxation	4,564,911	4,549,713
Expected tax charge based on the standard rate of corporation tax in the UK of 19.75% (2016: 20.00%)	901,570	909,943
Tax effect of expenses that are not deductible in determining taxable profit	25,475	8,378
Tax effect of income not taxable in determining taxable profit	(30,743)	-
Permanent capital allowances in excess of depreciation	(1,868)	(10,029)
Deferred tax adjustments in respect of prior years	20,055	(3,039)
Tax expense for the year	914,489	905,253

#### 10 Dividends

	2017 £	2016 £
Interim paid	890,903	728,400

# KANS AND KANDY (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### 11 Tangible fixed assets

Group	Freehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Computers £	Total £
<b>Cost</b>					
At 1 July 2016	3,957,086	244,948	533,046	5,856	4,740,936
Additions	-	-	1,400	-	1,400
Disposals	-	-	-	(5,856)	(5,856)
At 30 June 2017	3,957,086	244,948	534,446	-	4,736,480
<b>Depreciation and impairment</b>					
At 1 July 2016	-	196,723	148,270	5,044	350,037
Depreciation charged in the year	-	7,234	57,927	-	65,161
Eliminated in respect of disposals	-	-	-	(5,044)	(5,044)
At 30 June 2017	-	203,957	206,197	-	410,154
<b>Carrying amount</b>					
At 30 June 2017	3,957,086	40,991	328,249	-	4,326,326
At 30 June 2016	3,957,086	48,225	384,776	-	4,390,087

The company had no tangible fixed assets at 30 June 2017 or 30 June 2016.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £33,640 (2015 - £33,732) for the year.

	Group 2017 £	2016 £	Company 2017 £	2016 £
Fixtures and fittings	161,460	205,521	-	-

### 12 Investment property

	Group 2017 £	Company 2017 £
<b>Fair value</b>		
At 1 July 2016	9,178,232	-
Additions through external acquisition	17,933,012	-
Disposals	(44,000)	-
Net gains or losses through fair value adjustments	215,769	-
At 30 June 2017	27,283,013	-

# KANS AND KANDY (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### 12 Investment property

(Continued)

The fair value of the investment properties has been arrived at on the basis of a valuation carried out at January 2017 by Sanderson Weatherall & Frank Knight, Chartered Surveyors, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

### 13 Fixed asset investments

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Investments in subsidiaries	14	1	2	7	8
		==	==	==	==
<b>Movements in fixed asset investments</b>					
<b>Group</b>					<b>Shares £</b>
<b>Cost or valuation</b>					
At 30 June 2017					2
Disposals					(1)
At 30 June 2017					1
<b>Carrying amount</b>					
At 30 June 2017					1
At 30 June 2016					2
<b>Movements in fixed asset investments</b>					
<b>Company</b>					<b>Shares £</b>
<b>Cost or valuation</b>					
At 30 June 2017					8
Disposals					(1)
At 30 June 2017					7
<b>Carrying amount</b>					
At 30 June 2017					7
At 30 June 2016					8

# KANS AND KANDY (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

### 14 Subsidiaries

Details of the company's subsidiaries at 30 June 2017 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
Cosmetics by Candy Limited England & Wales	Online sales	Ordinary	100.00	
Kans and Kandy (Properties) Limited England & Wales	Property investment	Ordinary	100.00	
Kans and Kandy (Property Development) Limited England & Wales	Property development	Ordinary	100.00	
Kans and Kandy (Wholesale) Limited England & Wales	Wholesalers	Ordinary	100.00	

### 15 Financial instruments

	Group 2017 £	2016 £	Company 2017 £	2016 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	3,483,878	3,390,510	2,081,749	1,462,999
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	22,550,550	8,809,820	975,592	324,728

### 16 Stocks

	Group 2017 £	2016 £	Company 2017 £	2016 £
Finished goods and goods for resale	2,912,716	4,561,480	-	-

### 17 Debtors

	Group 2017 £	2016 £	Company 2017 £	2016 £
<b>Amounts falling due within one year:</b>				
Trade debtors	2,906,424	2,895,666	-	-
Corporation tax recoverable	3,844	3,844	-	-
Amounts due from subsidiary undertakings	-	-	2,081,749	1,462,999
Other debtors	577,454	494,844	-	-
Prepayments and accrued income	770,224	82,805	-	-
	4,257,946	3,477,159	2,081,749	1,462,999

# KANS AND KANDY (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans and overdrafts	20	1,028,550	471,760	-	-
Obligations under finance leases	21	17,593	84,039	-	-
Trade creditors		2,240,756	2,212,518	-	-
Amounts due to group undertakings		-	-	975,592	324,728
Corporation tax payable		437,589	665,427	-	-
Other taxation and social security		364,111	216,346	-	-
Other creditors		74,405	78,992	-	-
Accruals and deferred income		1,233,946	1,210,100	-	-
		<u>5,396,950</u>	<u>4,939,182</u>	<u>975,592</u>	<u>324,728</u>

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

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans and overdrafts	20	17,955,300	4,734,818	-	-
Obligations under finance leases	21	-	17,593	-	-
		<u>17,955,300</u>	<u>4,752,411</u>	<u>-</u>	<u>-</u>

### 20 Payable by instalments Loans and overdrafts

	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans	17,955,300	5,206,578	-	-
Bank overdrafts	1,028,550	-	-	-
	<u>18,983,850</u>	<u>5,206,578</u>	<u>-</u>	<u>-</u>
Payable within one year	1,028,550	471,760	-	-
Payable after one year	17,955,300	4,734,818	-	-

Amounts included above which fall due after five years:

Payable by instalments	-	2,847,780	-	-
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# KANS AND KANDY (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### 20 Loans and overdrafts

(Continued)

The bank loans and overdraft and invoice finance facilities are secured by a debenture creating a fixed and floating charge over the assets of the group and by a charge over the debtor book of the group.

The group's bank loans are interest only loans with an interest rate of 2.475% and have a maturity date of 31st October 2021.

### 21 Finance lease obligations

	Group 2017 £	2016 £	Company 2017 £	2016 £
Future minimum lease payments due under finance leases:				
Within one year	17,593	84,039	-	-
In two to five years	-	17,593	-	-
	<u>17,593</u>	<u>101,632</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 22 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	Liabilities 2017 £	Liabilities 2016 £
Accelerated capital allowances	60,653	74,755
Deferred tax provided on investment property gains	282,726	248,569
	<u>343,379</u>	<u>323,324</u>
	Group 2017 £	Company 2017 £
Movements in the year:		
Liability at 1 July 2016	323,324	-
Charge to profit or loss	20,055	-
Liability at 30 June 2017	<u>343,379</u>	<u>-</u>

# KANS AND KANDY (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### 22 Deferred taxation

(Continued)

### 23 Retirement benefit schemes

	2017	2016
	£	£
<b>Defined contribution schemes</b>		
Charge to profit and loss in respect of defined contribution schemes	3,152	790

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.

### 24 Share capital

	Group and company	
	2017	2016
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
600 Ordinary shares of £1 each	600	600
<b>Preference share capital</b>		
<b>Issued and fully paid</b>		
600 Preference shares of £1 each	600	600

### 25 Profit and loss reserves

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
At the beginning of the year	13,452,855	10,536,795	1,161,269	1,214,682
Profit for the year	3,650,422	3,644,460	849,102	674,987
Dividends	(881,250)	(728,400)	(881,250)	(728,400)
At the end of the year	16,222,027	13,452,855	1,129,121	1,161,269

# KANS AND KANDY (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### 26 Operating lease commitments

#### Lessee

Operating lease payments represent rentals payable by the company for its property. Leases are negotiated for an average term of 5 years and rentals are fixed for an average of 5 years with an option to extend for a further 5 years at the prevailing market rate.

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Between two and five years	16,320	17,148	-	-

### 27 Related party transactions

#### Transactions with related parties

During the year the group entered into the following transactions with related parties:

	<b>Purchase of goods</b>	
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
Marla Kosmetiks Grosshandel GmbH	1,403,162	646,001

The following amounts were outstanding at the reporting end date:

	<b>Amounts owed to related parties</b>	
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
Grey Street Properties Limited	60,389	60,389
Kans and Kandy (Carlisle) Limited	-	4,506
	60,389	64,895

# KANS AND KANDY (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

### 27 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties	
	2017 £	2016 £
<b>Group</b>		
Marla Kosmetiks Grosshandel GmbH	30,644	29,093
Grey Street Properties Limited	29	29
Other related parties	500,850	250,000
	<u>531,523</u>	<u>279,122</u>

No guarantees have been given or received.

Also during the year the group made donations of £135,000 (2016 £160,000) to Kans and Kandy (Wholesale) Charitable Trust, a charity in which the directors are all trustees.

### 28 Directors' transactions

Advances or credits have been granted by the group to its directors as follows:

Dividends totalling £881,250 (2016 - £728,400) were paid in the year in respect of shares held by the company's directors.

### 29 Cash generated from group operations

	2017 £	2016 £
Profit for the year after tax	3,650,422	3,644,460
Adjustments for:		
Taxation charged	914,489	905,253
Finance costs	307,824	135,936
Investment income	(136)	(2,204)
Loss on disposal of investment property	11,500	-
Fair value gains and losses on foreign exchange contracts and investment properties	(215,769)	-
Depreciation and impairment of tangible fixed assets	65,161	73,782
Amounts written off investments	1	-
Movements in working capital:		
Decrease/(increase) in stocks	1,648,764	(925,964)
(Increase)/decrease in debtors	(964,118)	1,185,594
Increase/(decrease) in creditors	195,262	(72,349)
<b>Cash generated from operations</b>	<u>5,613,400</u>	<u>4,944,508</u>