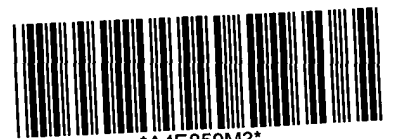


**GROUP STRATEGIC REPORT,
DIRECTORS' REPORT AND
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2014
FOR
B A K LIMITED**

FRIDAY



A4E850M3

A17

21/08/2015

#260

COMPANIES HOUSE

B A K LIMITED

**CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2014**

	Page
Company Information	1
Group Strategic Report	2
Directors' Report	3
Report of the Independent Auditors	5
Consolidated Profit and Loss Account	7
Consolidated Balance Sheet	8
Company Balance Sheet	9
Consolidated Cash Flow Statement	10
Notes to the Consolidated Cash Flow Statement	11
Notes to the Consolidated Financial Statements	13
Consolidated Trading and Profit and Loss Account	25

B A K LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 2014

DIRECTORS: Mr B Khan
Mr C J Wain
Mrs N Khan
Mrs M E Wain

SECRETARY: Mrs N Khan

REGISTERED OFFICE: 2 Bardon Hall Gardens
Leeds
LS16 5TX

BUSINESS ADDRESS: 103a New Pudsey Court
Pudsey
Leeds
LE28 6AT

REGISTERED NUMBER: 06043177 (England and Wales)

INDEPENDENT AUDITORS Watergates Limited
109 Coleman Road
Leicester
Leicestershire
LE5 4LE

B A K LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31ST DECEMBER 2014

The directors present their strategic report and the audited financial statements of the Group and Company for the year ended 31 December 2014.

REVIEW OF BUSINESS

The Group increased its turnover during the year to £21.5 million (2013: £14.5 million) largely as a result of the full year trading effect in 2014 of the O2 stores acquired under franchise part way through 2013. No new stores were opened in 2014. This growth in turnover can also be attributed to the more strategic marketing and advertising undertaken since 2013 to support the overall business plans.

The Directors are pleased with the progress made this year and anticipate that this will continue through the following year as they look to leverage off the successes of the existing franchises.

PRINCIPAL RISKS AND UNCERTAINTIES

The key business risks and uncertainties affecting the company essentially relate to the extent to which it is reliant upon the franchisor, O2 who is currently in negotiations for a potential sale of the entire O2 network to a rival network provider. This will undoubtedly create some uncertainty in the short to medium term but the directors are keen to remain focussed on the day to day running of the business. This is crucial to ensuring that they continue to remain competitive amongst other mobile phone operators. Increased statutory regulation of the mobile phone market, together with the pressures to maintain and grow a much more demanding subscriber base, will undoubtedly squeeze margins. Therefore, the ability to provide attractive offers as well as being able to respond to subscriber needs in a more cost effective manner will remain an ongoing challenge for the business.

FINANCIAL KEY PERFORMANCE INDICATORS

Given the nature of the business, the directors have determined certain key performance indicators to help them to both understand and manage the growing store network and with it the increasing subscriber base. These are monitored closely on at least a monthly basis and take into account relevant demographic information when comparing financial performance of stores relative to other stores in the same area or those based in other parts of the UK. However, the Group will continue to monitor those measures that are key to ensuring that the franchises remain profitable and for reporting to the franchisor and any other stakeholders as necessary.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The directors ensure wherever possible that the business objectives are aligned with risk management. The directors are responsible for maintaining sound systems of internal control that provide reasonable assurance that the company will not be hindered in achieving its business objectives by circumstances that are not foreseen. No major risks have been identified other than those relating to the uncertainties and challenges set out above. In this respect, the directors have built up a strong team of staff with whom they work closely on a regular basis to ensure these risks are mitigated effectively.

FUTURE DEVELOPMENTS

The company will continue to seek opportunities to maximise turnover and profitability.

ON BEHALF OF THE BOARD:



Mr B Khan - Director

28th July 2015

B A K LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2014

The directors present their report and the audited financial statements of the Group and Company for the year ended 31 December 2014.

PRINCIPAL ACTIVITY

The principal activity of the Group in the year under review was that of the operation of franchised O2 mobile phone stores.

DIVIDENDS

The Company profit for the year after taxation amounted to £713,916. Particulars of dividends paid are detailed in note 10 to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st January 2014 to the date of this report.

Mr B Khan
Mr C J Wain
Mrs N Khan
Mrs M E Wain

DONATIONS

The Group paid £5,734 in charitable donations during the year:

GOING CONCERN

The Group and Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group and Company, its cash flows and liquidity position are set out in these Financial Statements.

Whilst the Group and Company are reliant on the franchisor for their ongoing business, the directors are confident that they have managed the franchises effectively and have the experience and necessary financial resources to continue to do so in to the future. As a consequence, the directors believe that the Group and Company are well placed to manage its business risks successfully. The directors also have a reasonable expectation that the Group and Company have the continued support of the franchisor to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

B A K LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2014**

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

AUDITORS

The auditors, Watergates Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



Mr C J Wain - Director

28th July 2015

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF B A K LIMITED

We have audited the financial statements of B A K Limited for the year ended 31st December 2014 on pages seven to twenty four. 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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31st December 2014 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.

Opinion on other matter prescribed by the Companies Act 2006

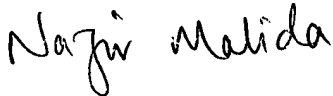
In our opinion the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
B A K LIMITED**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.



Nazir Malida (Senior Statutory Auditor)
for and on behalf of Watergates Limited
109 Coleman Road
Leicester
Leicestershire
LE5 4LE

28th July 2015

B A K LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2014**

	Notes	31/12/14 £	31/12/13 £
TURNOVER	2	21,549,453	14,497,089
Cost of sales		(17,610,662)	(12,045,519)
GROSS PROFIT		3,938,791	2,451,570
Administrative expenses		(2,806,714)	(2,803,624)
		1,132,077	(352,054)
Other operating income	3	104,165	35,253
OPERATING PROFIT/(LOSS)	6	1,236,242	(316,801)
Interest receivable and similar income		3,423	3,249
		1,239,665	(313,552)
Interest payable and similar charges	7	(5,777)	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		1,233,888	(313,552)
Tax on profit/(loss) on ordinary activities	8	(308,763)	8,325
PROFIT/(LOSS) FOR THE FINANCIAL YEAR FOR THE GROUP		925,125	(305,227)

CONTINUING OPERATIONS

None of the Group's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The Group has no recognised gains or losses other than the profit for the current year and the loss for the previous year.

The notes on pages 13 to 24 form part of these financial statements

CONSOLIDATED BALANCE SHEET
31ST DECEMBER 2014

	Notes	31/12/14 £	31/12/13 £
FIXED ASSETS			
Intangible assets	11	88,602	330,625
Tangible assets	12	1,031,253	866,880
Investments	13	552,150	552,150
Investment property	14	595,858	236,963
		<u>2,267,863</u>	<u>1,986,618</u>
CURRENT ASSETS			
Stocks	15	456,501	430,105
Debtors	16	3,064,489	2,200,661
Cash at bank and in hand		2,853,139	1,095,010
		<u>6,374,129</u>	<u>3,725,776</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	17	<u>(7,216,973)</u>	<u>(4,443,554)</u>
NET CURRENT LIABILITIES		<u>(842,844)</u>	<u>(717,778)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,425,019</u>	<u>1,268,840</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	18	<u>(779,317)</u>	<u>(919,950)</u>
PROVISIONS FOR LIABILITIES	21	<u>(77,147)</u>	<u>(1,460)</u>
NET ASSETS		<u><u>568,555</u></u>	<u><u>347,430</u></u>
CAPITAL AND RESERVES			
Called up share capital	22	100	100
Profit and loss account	23	568,455	347,330
SHAREHOLDERS' FUNDS	27	<u><u>568,555</u></u>	<u><u>347,430</u></u>

The financial statements were approved by the Board of Directors on 28th July 2015 and were signed on its behalf by:



Mr C J Wain - Director



Mr B Khan - Director

The notes on pages 13 to 24 form part of these financial statements

COMPANY BALANCE SHEET
31ST DECEMBER 2014

	Notes	31/12/14 £	31/12/13 £
FIXED ASSETS			
Intangible assets	11	82,263	320,097
Tangible assets	12	792,656	569,727
Investments	13	552,750	552,750
Investment property	14	595,858	236,963
		<u>2,023,527</u>	<u>1,679,537</u>
CURRENT ASSETS			
Stocks	15	332,298	326,331
Debtors	16	2,166,168	1,620,950
Cash at bank and in hand		2,334,517	780,329
		<u>4,832,983</u>	<u>2,727,610</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	17	<u>(5,938,566)</u>	<u>(3,624,023)</u>
NET CURRENT LIABILITIES		<u>(1,105,583)</u>	<u>(896,413)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>917,944</u>	<u>783,124</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	18	<u>(647,274)</u>	<u>(555,040)</u>
PROVISIONS FOR LIABILITIES	21	<u>(32,670)</u>	
NET ASSETS		<u>238,000</u>	<u>228,084</u>
CAPITAL AND RESERVES			
Called up share capital	22	100	100
Profit and loss account	23	237,900	227,984
SHAREHOLDERS' FUNDS	27	<u>238,000</u>	<u>228,084</u>

The financial statements were approved by the Board of Directors on 28th July 2015 and were signed on its behalf by:



Mr B Khan - Director



Mr C J Wain - Director

The notes on pages 13 to 24 form part of these financial statements

B A K LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2014**

	Notes	31/12/14 £	31/12/13 £
Net cash inflow from operating activities	1	3,062,021	1,332,138
Returns on investments and servicing of finance	2	(2,354)	3,249
Taxation		-	(85,370)
Capital expenditure and financial investment	2	(597,800)	(746,642)
Equity dividends paid		(704,000)	(160,000)
		<u>1,757,867</u>	<u>343,375</u>
Financing	2	<u>262</u>	<u>(539,493)</u>
Increase/(decrease) in cash in the period		<u>1,758,129</u>	<u>(196,118)</u>
Reconciliation of net cash flow to movement in net funds	3		
Increase/(decrease) in cash in the period		1,758,129	(196,118)
Cash inflow from increase in debt		<u>(206,498)</u>	<u>-</u>
Change in net funds resulting from cash flows		<u>1,551,631</u>	<u>(196,118)</u>
Movement in net funds in the period		<u>1,551,631</u>	<u>(196,118)</u>
Net funds at 1st January		<u>1,095,010</u>	<u>1,291,128</u>
Net funds at 31st December		<u>2,646,641</u>	<u>1,095,010</u>

The notes on pages 13 to 24 form part of these financial statements

B A K LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2014**

1. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31/12/14 £	31/12/13 £
Operating profit/(loss)	1,236,242	(316,801)
Depreciation charges	300,722	257,706
Loss/(profit) on disposal of fixed assets	15,834	(1,099)
Increase in stocks	(26,396)	(290,583)
Increase in debtors	(863,828)	(720,576)
Increase in creditors	2,399,447	2,403,491
Net cash inflow from operating activities	3,062,021	1,332,138

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31/12/14 £	31/12/13 £
Returns on investments and servicing of finance		
Interest received	3,423	3,249
Interest paid	(5,777)	-
Net cash (outflow)/inflow for returns on investments and servicing of finance	(2,354)	3,249
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(15,000)	(354,610)
Purchase of tangible fixed assets	(528,404)	(288,557)
Purchase of investment property	(358,895)	(104,575)
Sale of intangible fixed assets	226,809	-
Sale of tangible fixed assets	77,690	1,100
Net cash outflow for capital expenditure and financial investment	(597,800)	(746,642)
Financing		
Amount introduced by directors	1,205	-
Amount withdrawn by directors	(943)	(539,493)
Net cash inflow/(outflow) from financing	262	(539,493)

The notes on pages 13 to 24 form part of these financial statements

B A K LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2014**

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.14 £	Cash flow £	At 31.12.14 £
Net cash:			
Cash at bank and in hand	1,095,010	1,758,129	2,853,139
	<u>1,095,010</u>	<u>1,758,129</u>	<u>2,853,139</u>
Debt:			
Debts falling due within one year	-	(53,757)	(53,757)
Debts falling due after one year	-	(152,741)	(152,741)
	<u>-</u>	<u>(206,498)</u>	<u>(206,498)</u>
Total	<u>1,095,010</u>	<u>1,551,631</u>	<u>2,646,641</u>

The notes on pages 13 to 24 form part of these financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2014**

1. ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of B A K Limited and its subsidiary, Southern Connections Limited.

The financial statements of a subsidiary are recognised in the consolidated financial statements according to the full consolidation method from the date on which control is obtained until the date on which that control no longer exists. Pursuant to the full consolidation method, 100% of the assets, liabilities, income and expenses from subsidiaries are recognised in the consolidated financial statements. Balance sheet positions, intercompany transactions and results on such transactions between subsidiaries are eliminated.

RELATED PARTY EXEMPTION

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 8 Related Party Disclosures, not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

TURNOVER

Turnover represents net invoiced sales of goods, excluding value added tax, except in respect of service contracts where turnover is recognised when the Group obtains the right to consideration.

TANGIBLE FIXED ASSETS

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Freehold property	- 2% on cost
Short leasehold	- 20% on cost
Fixtures and fittings	- 20% on cost
Motor vehicles	- 25% on cost
Office equipment	- 25% on cost

INVESTMENT PROPERTY

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in market value is transferred to a revaluation reserve.

No depreciation is provided for in respect of investment properties. Such properties are held for their investment potential and not for consumption within the business. This is a departure from the Companies Act 2006 which requires all properties to be depreciated and the directors consider that to depreciate them would not enable the financial statements to give a true and fair view. Investment properties are stated at their market value at the balance sheet date.

STOCKS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2014

1. ACCOUNTING POLICIES - continued
DEFERRED TAX

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the director considers that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

OPERATING LEASING COMMITMENTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate.

2. TURNOVER

The turnover and profit (2013 - loss) before taxation are attributable to the one principal activity of the Group.

An analysis of turnover by geographical market is given below:

	31/12/14	31/12/13
	£	£
United Kingdom	21,549,453	14,497,089
	<u>21,549,453</u>	<u>14,497,089</u>

3. OTHER OPERATING INCOME

	31/12/14	31/12/13
	£	£
Rents received	39,692	35,253
Insurance claim	64,473	-
	<u>104,165</u>	<u>35,253</u>

4. STAFF COSTS

	31/12/14	31/12/13
	£	£
Wages and salaries	2,761,490	1,608,974
Social security costs	195,549	113,806
Other pension costs	89,000	362,585
	<u>3,046,039</u>	<u>2,085,365</u>

B A K LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2014**

4. STAFF COSTS - continued

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

	31/12/14	31/12/13
Management and administration staff	17	22
Store staff	127	80
	<u>144</u>	<u>102</u>

5. DIRECTORS' EMOLUMENTS

	31/12/14	31/12/13
	£	£
Directors' remuneration	33,600	20,039
Directors' pension contributions to money purchase schemes	89,000	362,585
	<u>122,600</u>	<u>382,624</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>4</u>	<u>4</u>
------------------------	-----------------	----------

EMPLOYER FINANCED RETIREMENT BENEFITS SCHEME

In a previous accounting period, the Company, in order to motivate and incentivise its officers and employees, established an employer financed retirement benefit scheme for the benefit of the Company's officers, employees and their wider families, The B A K Limited 2011 EFRBS ('the Scheme').

Contributions were made to the Scheme during the current accounting period and these created value in that Scheme. The amount of such value which is held on terms which are discretionary is £526,754.15. Because the value created in the Scheme is held on terms which are discretionary and no earmarking has yet taken place, it is not considered that these amounts can be regarded as directors' remuneration and, therefore, these amounts have been excluded from the overall figure above.

6. OPERATING PROFIT/(LOSS)

The operating profit (2013 - operating loss) is stated after charging/(crediting):

	31/12/14	31/12/13
	£	£
Other operating leases	674,485	341,624
Depreciation - owned assets	270,507	200,464
Loss/(profit) on disposal of fixed assets	15,834	(1,099)
Franchise costs amortisation	30,214	57,241
Auditors fee - audit work	11,000	9,000
Employer Financed Retirement Benefits Scheme	-	532,024
	<u>991,030</u>	<u>1,139,254</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	31/12/14	31/12/13
	£	£
Bank interest payable	5,777	-
	<u>5,777</u>	<u>-</u>

B A K LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2014**

8. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit on ordinary activities for the year was as follows:

	31/12/14	31/12/13
	£	£
Current tax:		
UK corporation tax	233,076	69
Deferred tax	75,687	(8,394)
Tax on profit/(loss) on ordinary activities	<u>308,763</u>	<u>(8,325)</u>

9. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the Profit and Loss Account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £713,916 (2013 - £169,859).

10. DIVIDENDS

	31/12/14	31/12/13
	£	£
Ordinary shares of £1 each		
Final	<u>704,000</u>	<u>160,000</u>

11. INTANGIBLE FIXED ASSETS

Group

	Franchise costs
	£
COST	
At 1st January 2014	400,685
Additions	15,000
Disposals	(264,610)
At 31st December 2014	<u>151,075</u>
AMORTISATION	
At 1st January 2014	70,060
Amortisation for year	30,214
Eliminated on disposal	(37,801)
At 31st December 2014	<u>62,473</u>
NET BOOK VALUE	
At 31st December 2014	<u>88,602</u>
At 31st December 2013	<u>330,625</u>

B A K LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2014

11. INTANGIBLE FIXED ASSETS - continued

Company

	Franchise costs £
COST	
At 1st January 2014	379,741
Additions	15,001
Disposals	(264,610)
At 31st December 2014	<u>130,132</u>
AMORTISATION	
At 1st January 2014	59,644
Amortisation for year	26,026
Eliminated on disposal	(37,801)
At 31st December 2014	<u>47,869</u>
NET BOOK VALUE	
At 31st December 2014	<u>82,263</u>
At 31st December 2013	<u>320,097</u>

12. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Short leasehold £	Fixtures and fittings £
COST			
At 1st January 2014	335,398	117,957	907,497
Additions	-	6,658	503,233
Disposals	-	(116,132)	(14,188)
At 31st December 2014	<u>335,398</u>	<u>8,483</u>	<u>1,396,542</u>
DEPRECIATION			
At 1st January 2014	6,708	36,805	500,283
Charge for year	6,708	1,425	240,193
Eliminated on disposal	-	(35,251)	(11,662)
At 31st December 2014	<u>13,416</u>	<u>2,979</u>	<u>728,814</u>
NET BOOK VALUE			
At 31st December 2014	<u>321,982</u>	<u>5,504</u>	<u>667,728</u>
At 31st December 2013	<u>328,690</u>	<u>81,152</u>	<u>407,214</u>

B A K LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2014

12. TANGIBLE FIXED ASSETS - continued

Group

	Motor vehicles £	Office equipment £	Totals £
COST			
At 1st January 2014	79,888	10,307	1,451,047
Additions	15,300	3,213	528,404
Disposals	(17,343)	-	(147,663)
At 31st December 2014	<u>77,845</u>	<u>13,520</u>	<u>1,831,788</u>
DEPRECIATION			
At 1st January 2014	35,079	5,292	584,167
Charge for year	18,844	3,337	270,507
Eliminated on disposal	(7,226)	-	(54,139)
At 31st December 2014	<u>46,697</u>	<u>8,629</u>	<u>800,535</u>
NET BOOK VALUE			
At 31st December 2014	<u>31,148</u>	<u>4,891</u>	<u>1,031,253</u>
At 31st December 2013	<u>44,809</u>	<u>5,015</u>	<u>866,880</u>

Company

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1st January 2014	335,398	567,445	29,813	932,656
Additions	-	396,933	-	396,933
Disposals	-	-	(17,343)	(17,343)
At 31st December 2014	<u>335,398</u>	<u>964,378</u>	<u>12,470</u>	<u>1,312,246</u>
DEPRECIATION				
At 1st January 2014	6,708	345,752	10,469	362,929
Charge for year	6,708	154,062	3,117	163,887
Eliminated on disposal	-	-	(7,226)	(7,226)
At 31st December 2014	<u>13,416</u>	<u>499,814</u>	<u>6,360</u>	<u>519,590</u>
NET BOOK VALUE				
At 31st December 2014	<u>321,982</u>	<u>464,564</u>	<u>6,110</u>	<u>792,656</u>
At 31st December 2013	<u>328,690</u>	<u>221,693</u>	<u>19,344</u>	<u>569,727</u>

B A K LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2014**

13. FIXED ASSET INVESTMENTS

Group

**Shares in
group
undertakings
£**

COST

At 1st January 2014
and 31st December 2014

552,150

NET BOOK VALUE

At 31st December 2014

552,150

At 31st December 2013

552,150

Company

**Shares in
group
undertakings
£**

COST

At 1st January 2014
and 31st December 2014

552,750

NET BOOK VALUE

At 31st December 2014

552,750

At 31st December 2013

552,750

The company owns 100% of the issued share capital of Southern Connections Ltd, a company incorporated in UK and undertaking the same principal activity of its parent.

The aggregate amount of capital and reserves and the results of Southern Connections Limited for the relevant financial year were as follows:

Aggregate capital and reserves

As at 31 December 2014: £331,155 (2013: £119,946)

Profit and (loss)

Year ended 31 December 2014: £355,209 (2013: £12,031 loss)

B A K LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2014

14. INVESTMENT PROPERTY

Group

	Total £
COST	
At 1st January 2014	236,963
Additions	358,895
	<u>595,858</u>
At 31st December 2014	<u>595,858</u>
NET BOOK VALUE	
At 31st December 2014	<u>595,858</u>
At 31st December 2013	<u>236,963</u>

Company

	Total £
COST	
At 1st January 2014	236,963
Additions	358,895
	<u>595,858</u>
At 31st December 2014	<u>595,858</u>
NET BOOK VALUE	
At 31st December 2014	<u>595,858</u>
At 31st December 2013	<u>236,963</u>

15. STOCKS

	Group		Company	
	31/12/14	31/12/13	31/12/14	31/12/13
	£	£	£	£
Stocks	<u>456,501</u>	<u>430,105</u>	<u>332,298</u>	<u>326,331</u>

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31/12/14	31/12/13	31/12/14	31/12/13
	£	£	£	£
Trade debtors	2,441,413	1,889,989	1,818,743	1,389,117
Other debtors	406,133	174,426	180,379	116,054
Deferred tax asset	-	-	-	16,616
Prepayments and accrued income	216,943	136,246	167,046	99,163
	<u>3,064,489</u>	<u>2,200,661</u>	<u>2,166,168</u>	<u>1,620,950</u>

B A K LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2014

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31/12/14	31/12/13	31/12/14	31/12/13
	£	£	£	£
Bank loans and overdrafts (see note 19)	53,757	-	53,757	-
Trade creditors	3,661,846	3,234,470	2,493,967	2,494,444
Amounts owed to group undertakings	-	-	698,180	356,104
Corporation tax	233,076	-	147,963	-
Social security and other taxes	5,772	14,106	499	8,833
VAT	911,558	589,004	733,451	418,920
Wages control account	2,306	349,489	2,306	194,083
Other creditors	755,390	165,126	465,790	92,143
BAKSC Solutions Ltd	518,706	-	518,706	-
Directors' current accounts	44,522	44,260	44,522	44,260
Accruals and deferred income	1,030,040	47,099	779,425	15,236
	<u>7,216,973</u>	<u>4,443,554</u>	<u>5,938,566</u>	<u>3,624,023</u>

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	31/12/14	31/12/13	31/12/14	31/12/13
	£	£	£	£
Bank loans (see note 19)	152,741	-	152,741	-
Other creditors	626,576	919,950	494,533	555,040
	<u>779,317</u>	<u>919,950</u>	<u>647,274</u>	<u>555,040</u>

19. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	31/12/14	31/12/13	31/12/14	31/12/13
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	<u>53,757</u>	-	<u>53,757</u>	-
Amounts falling due between one and two years:				
Bank loans - 2-5 years	<u>152,741</u>	-	<u>152,741</u>	-

B A K LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2014**

20. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	31/12/14	31/12/13	31/12/14	31/12/13
	£	£	£	£
Bank loans	<u>206,498</u>	<u>-</u>	<u>206,498</u>	<u>-</u>

The debt is secured against Unit 103A & 105 New Pudsey Court, Bradford Road, Stanningley, Pudsey, Leeds and its associated assets.

21. PROVISIONS FOR LIABILITIES

	Group		Company	
	31/12/14	31/12/13	31/12/14	31/12/13
	£	£	£	£
Deferred tax	<u>77,147</u>	<u>1,460</u>	<u>32,670</u>	<u>-</u>

Group

	Deferred tax
	£
Balance at 1st January 2014	1,460
Credit to Profit and Loss Account during year	75,687
Deferred tax asset	
Balance at 31st December 2014	<u>77,147</u>

Company

	Deferred tax
	£
Balance at 1st January 2014	(16,616)
Credit to Profit and Loss Account during year	49,286
Balance at 31st December 2014	<u>32,670</u>

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31/12/14	31/12/13
			£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

B A K LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2014**

23. RESERVES

Group

	Profit and loss account £
At 1st January 2014	347,330
Profit for the year	925,125
Dividends	(704,000)
At 31st December 2014	<u>568,455</u>

Company

	Profit and loss account £
At 1st January 2014	227,984
Profit for the year	713,916
Dividends	(704,000)
At 31st December 2014	<u>237,900</u>

24. OTHER FINANCIAL COMMITMENTS

Operating lease commitments

The company had aggregate annual commitments under non-cancellable operating leases as set out below:

Operating leases which expire:

	Land & Buildings 31 Dec 2014 £
Within 1 year	-
Within 2 to 5 years	299,884
After 5 years	404,250

25. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The Group was under the control of the managing directors Mr C Wain and Mr B Khan throughout the current and previous year.

Included within other creditors is a loan from the directors of £44,522 (2013: £44,260).

The loan is interest free and there is no fixed date for repayment.

B A K LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2014**

26. RELATED PARTY DISCLOSURES

BAKSC Solutions Ltd

Mr C Wain who is a director of BAK Group is also the director and sole shareholder of BAKSC Solutions Ltd. BAKSC Solutions Ltd employ the staff who run the O2 stores for BAK Group. The payroll costs relating to the staff are recharged to BAK Group on a monthly basis.

During the year invoices from BAKSC Solutions Ltd amounted to £2,854,369 (2013: £1,333,001).

Included in creditors there is a balance of Nil (2013: £343,017) owing to BAKSC Solutions Ltd.

27. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	31/12/14	31/12/13
	£	£
Profit/(loss) for the financial year	925,125	(305,227)
Dividends	(704,000)	(160,000)
Net addition/(reduction) to shareholders' funds	221,125	(465,227)
Opening shareholders' funds	347,430	812,657
Closing shareholders' funds	568,555	347,430

Company

	31/12/14	31/12/13
	£	£
Profit for the financial year	713,916	169,859
Dividends	(704,000)	(160,000)
Net addition to shareholders' funds	9,916	9,859
Opening shareholders' funds	228,084	218,225
Closing shareholders' funds	238,000	228,084

B A K LIMITED

**CONSOLIDATED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2014**

	31/12/14		31/12/13	
	£	£	£	£
Sales		21,549,453		14,497,089
Cost of sales				
Opening stock	430,105		139,522	
Purchases	15,155,763		10,937,741	
Direct wages	2,289,430		1,285,177	
Social security	191,865		113,184	
	18,067,163		12,475,624	
Closing stock	(456,501)		(430,105)	
		17,610,662		12,045,519
GROSS PROFIT		3,938,791		2,451,570
Establishment costs				
Rent	674,485		341,624	
Rates and water	327,180		159,983	
Insurance	34,302		19,334	
Light and heat	65,894		48,786	
Repairs and maintenance	65,144		52,833	
Cleaning	10,302		6,482	
		1,177,307		629,042
		2,761,484		1,822,528
Administrative expenses				
Directors' salaries	33,600		20,039	
Directors' social security	3,684		622	
Directors' pension contributions	89,000		362,585	
Directors' pensions paid	75,121		-	
Wages and salaries	363,339		303,758	
Telephone	37,644		32,126	
Printing, stationery & postage	64,429		24,421	
Advertising	115,758		150,065	
Travel and subsistence	76,840		72,954	
Motor expenses	18,014		15,269	
Licences and insurance	8,183		4,471	
Staff training and welfare	16,692		4,963	
Other office expenses	8,497		36,589	
Book keeping fees	70,953		39,586	
Accountancy	25,500		21,775	
EFRBS contributions	-		562,024	
Franchise fees and costs	163,227		51,501	
Legal and professional fees	92,699		182,340	
Auditors' remuneration	11,000		9,000	
Donations	5,734		100	
		1,279,914		1,894,188
Carried forward		1,481,570		(71,660)

This page does not form part of the statutory financial statements

B A K LIMITED

**CONSOLIDATED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2014**

	31/12/14		31/12/13	
	£	£	£	£
Brought forward		1,481,570		(71,660)
Finance costs				
Bank charges		32,937		23,787
		<u>1,448,633</u>		<u>(95,447)</u>
Depreciation				
Franchise costs	30,215		57,241	
Freehold property	6,708		6,708	
Short leasehold	1,425		23,591	
Fixtures and fittings	240,194		151,026	
Motor vehicles	18,844		17,468	
Computer equipment	3,336		1,672	
		<u>300,722</u>		<u>257,706</u>
		1,147,911		(353,153)
(Loss)/Profit on disposal of fixed assets				
Improvements to property	(9,192)		-	
Fixtures and fittings	(2,525)		-	
Motor vehicles	(4,117)		1,099	
		<u>(15,834)</u>		<u>1,099</u>
		1,132,077		(352,054)
Other operating income				
Rents received	39,692		35,253	
Insurance claim	64,473		-	
		<u>(104,165)</u>		<u>(35,253)</u>
		1,236,242		(316,801)
Finance income				
Deposit account interest		3,423		3,249
		<u>1,239,665</u>		<u>(313,552)</u>
Finance costs				
Bank interest payable		5,777		-
NET PROFIT/(LOSS)		<u>1,233,888</u>		<u>(313,552)</u>

This page does not form part of the statutory financial statements