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Company Registration No. SC198334 (Scotland)

WHAT NEXT CANDY COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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WHAT NEXT CANDY COMPANY LIMITED

COMPANY INFORMATION

Directors	I Gavin R C Korsmit
Secretary	I Gavin
Company number	SC198334
Registered office	Summit House 4-5 Mitchell Street Edinburgh Scotland EH6 7BD
Senior statutory auditor	Cathryn McDowell FCCA
Auditors	Chadwick & Company (Manchester) Limited Chartered Accountants Statutory Auditors Capital House 272 Manchester Road Droylsden Manchester M43 6PW
Business address	Unit 6 Waterside Business Park Hadfield Glossop Derbyshire SK13 1BS
Bankers	National Westminster Bank plc 36 The Rock Bury Lancashire BL9 0NU

WHAT NEXT CANDY COMPANY LIMITED

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WHAT NEXT CANDY COMPANY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present the strategic report and financial statements for the year ended 31 March 2017.

Fair review of the business

The results for the year and the financial position at the year end were considered satisfactory by the directors.

In spite of a decline in the high street sector and the loss of a major customer, sales were considered extremely encouraging. Turnover for the year, after discounts allowed, increased by 13.6% to £12,380,271 (2016 - £10,894,768). The gross profit margin declined slightly to 23.33% (2016 - 25.05%).

The company has consolidated and grown again in the licensed side of the business. In addition there is substantial growth in wholesale, high street retail and discount sectors. This has been made possible with the additional supplier distribution agreements with key European manufacturers.

Principal risks and uncertainties

The company continues to import goods from all over the world and covers currency where possible at the time orders are received to minimise margin fluctuation caused by the volatility in exchange rates.

Interest rate risk

The company's borrowings are principally a bank overdraft which attracts interest at a variable rate negotiated with the company's bankers and invoice discounting. The bank overdraft is only required at peak times during the year and at this time financial liabilities, interest charges and cash flows are affected by movements in interest rates. Interest charged on invoice discounting is negotiated in advance and based on the level of turnover during the year.

Liquidity risk

The company manages its cash and borrowing requirements in order to minimise interest expenses, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business by way of a bank overdraft to cover seasonal variances, letters of credit and invoice discounting.

Foreign currency risk

The company's principal foreign currency risk arises from sourcing product lines from the Far East and Europe, which exposes the company to fluctuating currency markets, in particular US Dollars and the Euro. To minimise this exposure the company policy continues to enter into foreign exchange forward contracts.

Credit risk

All customers who wish to trade on credit terms are subject to stringent credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Development and performance

The company is sufficiently funded and continues to return profits in uncertain economic times. As a consequence the directors remain confident the company is strongly placed to exploit trading opportunities as they arise.

The company is continually striving to target growth sector companies.

Key performance indicators

During continued difficult trading conditions as a result of factors outside the company's control the key performance indicators remain consistent.

At the year end, the company had shareholders' funds of £2,290,273 (2016 - £2,065,013) including distributable reserves amounting to £2,250,273. Given that net current assets exceeded current liabilities by £2,170,144 the directors believe the company's position to be satisfactory.

WHAT NEXT CANDY COMPANY LIMITED

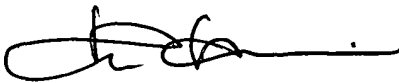
STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Future developments

The company remains determined to further build all sectors of the business, focussing on the pillars that have been developed successfully in recent years. Licensed merchandise plays an ever growing role in the range. The width of distribution is allowing us to introduce new products into channels that have not before had these types of products. The BIP Fun and Fruity range is a range that will feature heavily this year, as the market demands 'healthier' options. Disney has adopted a healthier food strategy which we have backed and successfully introduced this year, with more to follow.

On behalf of the board



I Gavin

Director

20 July 2017

WHAT NEXT CANDY COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their annual report and financial statements for the year ended 31 March 2017.

Principal activities

The principal activity of the company was that of confectionery distributors specialising in children's novelty products and adult gift confectionery.

Directors

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

I Gavin
R C Korsmit

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

Chadwick & Company (Manchester) Limited were appointed auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 company will continue in business.

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

WHAT NEXT CANDY COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Statement of disclosure to auditor

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

Strategic Report

Details of the company's future developments and risk exposure are included in the Strategic Report.

On behalf of the board



I Gavin
Director

20 July 2017

WHAT NEXT CANDY COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WHAT NEXT CANDY COMPANY LIMITED

We have audited the financial statements of What Next Candy Company Limited for the year ended 31 March 2017 set out on pages 7 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of 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.

WHAT NEXT CANDY COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

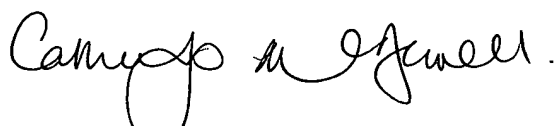
TO THE MEMBERS OF WHAT NEXT CANDY COMPANY LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Cathryn McDowell FCCA (Senior Statutory Auditor)
for and on behalf of Chadwick & Company (Manchester) Limited**

Chartered Accountants
Statutory Auditors
Capital House
272 Manchester Road
Droylsden
Manchester
M43 6PW

21 July 2017

WHAT NEXT CANDY COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	2016 £
Turnover	3	12,380,271	10,894,768
Cost of sales		(9,491,351)	(8,166,074)
Gross profit		<u>2,888,920</u>	<u>2,728,694</u>
Distribution costs		(792,235)	(663,248)
Administrative expenses		(1,721,167)	(1,896,946)
Other operating income		-	210,685
Operating profit	4	<u>375,518</u>	<u>379,185</u>
Interest receivable and similar income		-	1
Interest payable and similar expenses	8	(90,207)	(41,796)
Profit before taxation		<u>285,311</u>	<u>337,390</u>
Taxation	9	(60,051)	(71,293)
Profit for the financial year	19	<u><u>225,260</u></u>	<u><u>266,097</u></u>

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

WHAT NEXT CANDY COMPANY LIMITED

BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	11		120,129		127,312
Current assets					
Stocks	13	1,643,462		1,301,053	
Debtors	14	3,596,667		2,278,284	
Cash at bank and in hand		-		153,194	
		<u>5,240,129</u>		<u>3,732,531</u>	
Creditors: amounts falling due within one year	15	<u>(3,069,985)</u>		<u>(1,794,830)</u>	
Net current assets			<u>2,170,144</u>		<u>1,937,701</u>
Total assets less current liabilities			<u><u>2,290,273</u></u>		<u><u>2,065,013</u></u>
Capital and reserves					
Called up share capital	18		28,000		28,000
Capital redemption reserve	19		12,000		12,000
Profit and loss reserves	19		<u>2,250,273</u>		<u>2,025,013</u>
Total equity			<u><u>2,290,273</u></u>		<u><u>2,065,013</u></u>

The financial statements were approved by the board of directors and authorised for issue on 20 July 2017 and are signed on its behalf by:



I Gavin
Director

Company Registration No. SC198334

WHAT NEXT CANDY COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2015		40,000	-	2,283,916	2,323,916
Period ended 31 March 2016:					
Profit and total comprehensive income for the year		-	-	266,097	266,097
Dividends	10	-	-	(200,000)	(200,000)
Redemption of shares	18	(12,000)	-	-	(12,000)
Transfers		-	12,000	-	12,000
Other		-	-	(325,000)	(325,000)
Balance at 31 March 2016		28,000	12,000	2,025,013	2,065,013
Period ended 31 March 2017:					
Profit and total comprehensive income for the year		-	-	225,260	225,260
Balance at 31 March 2017		28,000	12,000	2,250,273	2,290,273

WHAT NEXT CANDY COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	24		219,872		(65,692)
Interest paid			(90,207)		(41,796)
Income taxes paid			(70,966)		(66,804)
Net cash inflow/(outflow) from operating activities			58,699		(174,292)
Investing activities					
Purchase of tangible fixed assets		-		(11,400)	
Proceeds on disposal of tangible fixed assets		-		1,000	
Interest received		-		1	
Net cash used in investing activities			-		(10,399)
Financing activities					
Purchase of own shares		-		(325,000)	
Dividends paid		(200,000)		-	
Net cash used in financing activities			(200,000)		(325,000)
Net decrease in cash and cash equivalents			(141,301)		(509,691)
Cash and cash equivalents at beginning of year			73,504		583,195
Cash and cash equivalents at end of year			(67,797)		73,504
Relating to:					
Cash at bank and in hand			-		153,194
Bank overdrafts included in creditors payable within one year			(67,797)		(79,690)
			(67,797)		73,504

WHAT NEXT CANDY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

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. The principal accounting policies adopted are set out below.

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.

1.2 Turnover

Turnover represents amounts derived from the provision of goods and services (net of VAT and trade discounts) to customers during the year.

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.

1.3 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Long leasehold land & property	2.5% straight line
Plant and machinery	3 years straight line
Fixtures, fittings & equipment	3 years straight line
Motor vehicles	4 years straight line

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

1.4 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

WHAT NEXT CANDY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

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.

1.5 Stocks

Stock and work in progress are valued at the lower of cost and net realisable value. Cost is calculated using the average cost method of valuation.

Net realisable value is based on estimated selling price less the estimated cost of disposal.

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.

1.6 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.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments'.

Basic financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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

Other financial assets

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

WHAT NEXT CANDY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

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 company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

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 payments 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.

Derivative financial instruments

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities

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

1.8 Equity instruments

Ordinary shares are classified as equity. There is a single class of Ordinary shares. There are no restrictions on the distribution of dividends or the repayment of capital.

WHAT NEXT CANDY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.9 Derivatives and hedge accounting

The company enters into foreign exchange forward contracts in order to manage its exposure to foreign exchange risk.

Hedge accounting

The company follows the accounting policy of the group and hedge accounting is applied. Any gain or loss on forward exchange contracts expiring during the year are taken through the profit and loss account.

1.10 Taxation

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

Current tax

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

Deferred tax

Deferred tax 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 when the company has 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.

1.11 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.

1.12 Retirement benefits

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

1.13 Leases

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.

WHAT NEXT CANDY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.14 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling, where appropriate, at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.15 Royalties

The company recognises royalties payable as and when they become due.

1.16 Company information

What Next Candy Company Limited is a private company limited by shares incorporated in Scotland. The registered office is Summit House, 4-5 Mitchell Street, Edinburgh, Scotland, EH6 7BD.

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

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

	2017 £	2016 £
Turnover		
Sales generated under the company's principal activity	12,380,271	10,894,768

Turnover analysed by geographical market

	2017 £	2016 £
United Kingdom	10,183,721	9,865,004
European Union	2,196,550	1,029,764
	12,380,271	10,894,768

WHAT NEXT·CANDY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

4 Operating profit

	2017	2016
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(146,334)	(70,150)
Depreciation of owned tangible fixed assets	7,183	8,630
Profit on disposal of tangible fixed assets	-	(1,000)
Cost of stocks recognised as an expense	9,491,351	8,166,074
	<u>9,491,351</u>	<u>8,166,074</u>

5 Auditors' remuneration

	2017	2016
	£	£
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the company's financial statements	16,000	25,100
	<u>16,000</u>	<u>25,100</u>
For other services		
Payroll services	839	671
All other non-audit services	2,300	4,300
	<u>3,139</u>	<u>4,971</u>

6 Employees

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

	2017	2016
	Number	Number
Sales	4	4
Administration	5	5
Marketing and product design	4	6
Logistics and quality control	4	5
	<u>17</u>	<u>20</u>

Their aggregate remuneration comprised:

	2017	2016
	£	£
Wages and salaries	755,344	838,800
Social security costs	80,357	87,528
Pension costs	46,095	1,625
	<u>881,796</u>	<u>927,953</u>

WHAT NEXT CANDY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	159,265	146,363

Directors' remuneration includes benefits-in-kind.

8 Interest payable and similar expenses

	2017 £	2016 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	29,119	1,440
Interest on invoice finance arrangements	61,088	40,356
	90,207	41,796

9 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	60,377	71,292
Adjustments in respect of prior periods	(326)	1
Total current tax	60,051	71,293

	2017 £	2016 £
Profit before taxation	285,311	337,390
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	57,062	67,478
Tax effect of expenses that are not deductible in determining taxable profit	2,251	2,719
Permanent capital allowances in excess of depreciation	1,064	1,139
Other permanent differences	-	(43)
Under/(over) provided in the year	(326)	-
Tax expense for the year	60,051	71,293

WHAT NEXT CANDY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

10 Dividends

	2017 £	2016 £
Interim dividend paid	-	200,000
	<u>-</u>	<u>200,000</u>

11 Tangible fixed assets

	Long leasehold land & property £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2016 and 31 March 2017	173,325	130,387	39,420	11,400	354,532
Depreciation and impairment					
At 1 April 2016	57,413	130,387	39,420	-	227,220
Depreciation charged in the year	4,333	-	-	2,850	7,183
At 31 March 2017	61,746	130,387	39,420	2,850	234,403
Carrying amount					
At 31 March 2017	111,579	-	-	8,550	120,129
At 31 March 2016	115,912	-	-	11,400	127,312

12 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost (trade and other debtors)	3,538,424	2,218,495
Carrying amount of financial liabilities		
Measured at amortised cost (creditors less taxation)	2,723,450	1,605,360

WHAT NEXT CANDY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

13 Stocks

	2017 £	2016 £
Work in progress	33,702	79,178
Finished goods and goods for resale	1,609,760	1,221,875
	<u>1,643,462</u>	<u>1,301,053</u>

Finished goods valuation above includes provision against slow-moving stocks of £159,725 (2016 - £52,340).

14 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	3,533,837	2,209,498
Other debtors	4,587	8,997
Prepayments and accrued income	58,243	59,789
	<u>3,596,667</u>	<u>2,278,284</u>

Trade debtors include provision for bad or doubtful debts of £8,030 (2016 - £nil).

15 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank overdrafts	16	67,797	79,690
Trade creditors		991,620	649,711
Corporation tax		60,377	71,292
Other taxation and social security		286,158	118,178
Dividends payable		-	200,000
Other creditors		1,388,293	455,924
Accruals and deferred income		275,740	220,035
		<u>3,069,985</u>	<u>1,794,830</u>

Other creditors includes amounts owed by the company to RBS Invoice Finance of £1,388,293 (2016 - £455,924) relating to cash received in respect of trade debts discounted on a recourse basis and is secured by a floating charge over all of the assets (including the property) of the company.

WHAT NEXT CANDY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

16 Loans and overdrafts

	2017 £	2016 £
Bank overdrafts	67,797	79,690
Payable within one year	67,797	79,690

The bank overdraft is secured by a legal charge held by National Westminster Bank Plc dated 23 August 2010.

17 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	46,095	1,625

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

18 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
28,000 Ordinary shares of £1 each	28,000	28,000

19 Reserves

Capital redemption reserve

Capital redemption reserve records the nominal value of shares repurchased by the company.

Own shares

Called up share capital represents the nominal value of shares that have been issued.

Profit and loss reserve

Profit and loss reserve includes all current and prior period retained profits and losses.

WHAT NEXT CANDY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

20 Financial commitments, guarantees and contingent liabilities

Forward exchange contracts

The company's policy is to enter into forward exchange contracts on future purchases where there is a high degree of likelihood of an exposure occurring. Gains and losses on these contracts are recognised in the profit and loss when they are completed.

At 31 March 2017, the company had outstanding contracts amounting to £3,265,635 (2016 - £3,551,260), translated at the contract rate in US Dollars and Euros, due to mature within one year. This represents \$2,500,000 and €1,500,000 (2016 - \$3,824,350 and €1,263,512). The fair value relating to forward exchange contracts amounted to a positive of £9,155 (2016 - £110,118).

Goods committed to

At 31 March 2017, the company was committed to purchases of goods amounting to £890,584 (2016 - £859,302).

21 Operating lease commitments

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

	2017 £	2016 £
Between two and five years	1,537	2,095

22 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017 £	2016 £
Aggregate compensation	154,235	141,585

Transactions with related parties

No guarantees have been given or received.

The company has taken advantage of the exemption under the Financial Reporting Standard 102 Section 33.1A from disclosing any transactions and balances with group entities of which the group owns 100% of the share capital.

23 Controlling party

The parent company of What Next Candy Company Limited is BIP Holland B.V, who own 100% of the issued Ordinary share capital of the company, and is registered in the Netherlands. This company is itself wholly owned by BCF Holding B.V, a company also registered in the Netherlands, located at Bredaseweg 123, 4872 LA Etten-Leur, Netherlands. The financial statements of the company are consolidated into the accounts of BCF Holding B.V.

WHAT NEXT CANDY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

24 Cash generated from operations

	2017 £	2016 £
Profit for the year after tax	225,260	266,097
Adjustments for:		
Taxation charged	60,051	71,293
Finance costs	90,207	41,796
Investment income	-	(1)
Gain on disposal of tangible fixed assets	-	(1,000)
Depreciation and impairment of tangible fixed assets	7,183	8,630
Movements in working capital:		
(Increase) in stocks	(342,409)	(241,302)
(Increase) in debtors	(1,318,383)	(696,993)
Increase in creditors	1,497,963	485,788
Cash generated from/(absorbed by) operations	<u>219,872</u>	<u>(65,692)</u>