

Company Registration No. SC198334 (Scotland)

**BIP CANDY & TOYS UK LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**



# BIP CANDY & TOYS UK LIMITED

## COMPANY INFORMATION

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<b>Director</b>	R C Korsmit
<b>Company number</b>	SC198334
<b>Registered office</b>	Summit House 4-5 Mitchell Street Edinburgh Scotland EH6 7BD
<b>Senior statutory auditor</b>	Cathryn McDowell FCCA
<b>Auditor</b>	Chadwick & Company (Manchester) Limited Chartered Accountants Statutory Auditors Capital House 272 Manchester Road Droylsden Manchester M43 6PW
<b>Business address</b>	1st Floor, Unit E Orbital 24 Oldham Street Denton Manchester M34 3SU
<b>Bankers</b>	National Westminster Bank plc 36 The Rock Bury Lancashire BL9 0NU

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# **BIP CANDY & TOYS UK LIMITED**

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# **BIP CANDY & TOYS UK LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 MARCH 2020**

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The director presents the strategic report for the year ended 31 March 2020.

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

The results for the year and the financial position at the year end were considered a success by the director.

Sales have continued to increase significantly year on year in what remains a very difficult and challenging marketplace. We were strategically positioned to capitalise on two premium licenced cinema releases which contributed to the increase in sales.

The decline of the high street continues to be a major concern. We are prudently managing our currency exposure and continue to prepare for the outcome of the Brexit negotiations.

Turnover for the year, after discounts allowed, increased by 21.4% to £18,451,915 (2019 - £15,196,436). The gross profit margin dropped slightly to 22.5% (2019 - 25.34%) underlining the strong competition face in the market.

### **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 £2,829,590 (2019 - £2,838,326) including distributable reserves amounting to £2,789,590 (2019 - £2,798,326). Given that net current assets exceeded current liabilities by £2,792,387 (2019 - £2,784,273) the director believes the company's position to be satisfactory.

## **BIP CANDY & TOYS UK LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2020***

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#### **Future developments**

This year has been extremely challenging due to the Covid-19 pandemic which resulted in the complete closure of the high street sector, including a proportion of the discounter and wholesale accounts for up to four months.

We have also seen a impact in the Grocery sector due to the removal of multibuy and reduced footfall as a result of the social distancing measures in place. However, we continue to drive sales in the grocery, convenience and discount sectors, where we see a more secure and predictable future.

The focus for the rest of 2020 for the company is dominated by the implications of Covid-19. The company's management team continue to closely monitor the economic implications of the spread of Covid-19 and the impact it has on the company's trading position, further details of which are reported in the Director's Report. Forecasts have been prepared to include the impact of the pandemic and the team are confident they can withstand the economic challenges that are appearing.

On behalf of the board

R C Korsmit

**Director**

20 November 2020

# **BIP CANDY & TOYS UK LIMITED**

## **DIRECTOR'S REPORT**

### ***FOR THE YEAR ENDED 31 MARCH 2020***

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The director presents his annual report and financial statements for the year ended 31 March 2020.

#### **Principal activities**

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

#### **Director**

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

I Gavin	(Resigned 31 July 2020)
R C Korsmit	

#### **Results and dividends**

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

Ordinary dividends were paid amounting to £570,000. The director does 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 director's responsibilities**

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 director is 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. He is 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.

## **BIP CANDY & TOYS UK LIMITED**

### **DIRECTOR'S REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2020***

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#### **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.

#### **Impact of Covid-19**

The World Health Organisation confirmed the Covid-19 outbreak as a pandemic on 11 March 2020. The director considers the impact to be a non-adjusting event at the date of signing the Director's Report.

Safety provisions have been put in place by the directors, including additional hygiene procedures and the use of video-conferencing with the work force. Employees are working from home to reduce the contact with other members of their team and social distancing measures have been implemented in the company workplace. A rota system has been introduced for teams to return to the workplace safely.

On behalf of the board

R C Korsmit  
**Director**

20 November 2020

# **BIP CANDY & TOYS UK LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF BIP CANDY & TOYS UK LIMITED**

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#### **Opinion**

We have audited the financial statements of BIP Candy & Toys UK Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of income and retained earnings, the balance sheet, the 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 company's affairs as at 31 March 2020 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.

#### **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 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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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 director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

# **BIP CANDY & TOYS UK LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF BIP CANDY & TOYS UK LIMITED**

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#### **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 Director's 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of director**

As explained more fully in the director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

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

**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

23 November 2020

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## BIP CANDY & TOYS UK LIMITED

### STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Turnover	3	18,451,915	15,196,436
Cost of sales		(14,298,216)	(11,344,995)
<b>Gross profit</b>		<b>4,153,699</b>	<b>3,851,441</b>
Distribution costs		(1,090,770)	(1,037,939)
Administrative expenses		(2,289,721)	(2,103,749)
<b>Operating profit</b>	4	<b>773,208</b>	<b>709,753</b>
Interest payable and similar expenses	8	(84,837)	(70,225)
<b>Profit before taxation</b>		<b>688,371</b>	<b>639,528</b>
Tax on profit	9	(127,107)	(124,073)
<b>Profit for the financial year</b>		<b>561,264</b>	<b>515,455</b>
Retained earnings brought forward		2,798,326	2,382,871
Dividends	10	(570,000)	(100,000)
<b>Retained earnings carried forward</b>		<b>2,789,590</b>	<b>2,798,326</b>

The statement of income and retained earnings has been prepared on the basis that all operations are continuing operations.

# BIP CANDY & TOYS UK LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	11		42,040		62,409
<b>Current assets</b>					
Stocks	12	1,608,077		2,484,244	
Debtors	13	3,527,593		3,537,831	
Cash at bank and in hand		1,487,460		313	
		<u>6,623,130</u>		<u>6,022,388</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(3,830,743)</u>		<u>(3,238,115)</u>	
<b>Net current assets</b>			<u>2,792,387</u>		<u>2,784,273</u>
<b>Total assets less current liabilities</b>			<u>2,834,427</u>		<u>2,846,682</u>
<b>Provisions for liabilities</b>	16		<u>(4,837)</u>		<u>(8,356)</u>
<b>Net assets</b>			<u><u>2,829,590</u></u>		<u><u>2,838,326</u></u>
<b>Capital and reserves</b>					
Called up share capital	19		28,000		28,000
Capital redemption reserve	20		12,000		12,000
Profit and loss reserves	20		<u>2,789,590</u>		<u>2,798,326</u>
<b>Total equity</b>			<u><u>2,829,590</u></u>		<u><u>2,838,326</u></u>

The financial statements were approved by the board of directors and authorised for issue on 20 November 2020 and are signed on its behalf by:

R C Korsmit  
Director

Company Registration No. SC198334

# BIP CANDY & TOYS UK LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	25	1,921,101		239,255	
Interest paid		(84,837)		(70,225)	
Income taxes paid		(135,013)		(160,412)	
<b>Net cash inflow from operating activities</b>		1,701,251		8,618	
<b>Financing activities</b>					
Dividends paid		(200,000)		(100,000)	
<b>Net cash used in financing activities</b>		(200,000)		(100,000)	
<b>Net increase/(decrease) in cash and cash equivalents</b>		1,501,251		(91,382)	
Cash and cash equivalents at beginning of year		(13,791)		77,591	
<b>Cash and cash equivalents at end of year</b>		1,487,460		(13,791)	
<b>Relating to:</b>					
Cash at bank and in hand		1,487,460		313	
Bank overdrafts included in creditors payable within one year		-		(14,104)	

# **BIP CANDY & TOYS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**

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### **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.

#### **1.2 Going concern**

At the latter end of the period, Covid-19 was designated a pandemic by the World Health Organisation (WHO). The directors continue to review the impact on the business, ensuring provisions are put in place to mitigate any risk to the company's ability to trade as a going concern. At the date of signing the financial statements, in the opinion of the directors, Covid-19 will not impact on the company's ability to trade as a going concern. Consequently, the company continues to adopt the going concern basis in preparing the financial statements.

#### **1.3 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.

#### **1.4 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:

Leasehold improvements	10 years 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.

#### **1.5 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.

# BIP CANDY & TOYS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 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.

#### 1.6 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.

#### 1.7 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.

#### 1.8 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.

##### **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.

# BIP CANDY & TOYS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 1 Accounting policies

(Continued)

#### **Basic financial 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.

#### **Other financial liabilities**

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

### 1.9 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.

# BIP CANDY & TOYS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 1 Accounting policies

(Continued)

#### **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 profit or loss 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 leases asset are consumed.

#### **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**

BIP Candy & Toys UK 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.

## BIP CANDY & TOYS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is 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.

In considering the going concern assumption, the director has had to apply judgement in relation to the potential impact that Covid-19 may have on the economies the company operates in and on the company. In arriving at this judgment, the director has considered the financial resilience of the company and how it would managed any downturn as a result of the pandemic.

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:

	2020	2019
	£	£
<b>Turnover analysed by class of business</b>		
Sales generated under the company's principal activity	18,451,915	15,196,436
	<u>18,451,915</u>	<u>15,196,436</u>
	2020	2019
	£	£
<b>Turnover analysed by geographical market</b>		
United Kingdom	16,232,619	12,741,173
European Union	2,219,296	2,455,263
	<u>18,451,915</u>	<u>15,196,436</u>

#### 4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(38,248)	(213,831)
Depreciation of owned tangible fixed assets	20,369	20,369
Operating lease charges	43,979	46,489
	<u>43,979</u>	<u>46,489</u>

# BIP CANDY & TOYS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 5 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	21,500	20,500
<b>For other services</b>		
Services relating to corporate finance transactions	671	671
All other non-audit services	-	3,210
	671	3,881

### 6 Employees

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

	2020	2019
	Number	Number
Sales	5	5
Administration	4	5
Marketing and product design	5	4
Logistics and quality control	5	4
	19	18

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	853,547	866,346
Social security costs	79,265	86,925
Pension costs	94,850	49,354
	1,027,662	1,002,625

### 7 Director's remuneration

	2020	2019
	£	£
Remuneration for qualifying services	166,440	184,132
Company pension contributions to defined contribution schemes	1,316	806
	167,756	184,938

# BIP CANDY & TOYS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 7 Director's remuneration

(Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 1).

Directors' remuneration includes benefits-in-kind.

### 8 Interest payable and similar expenses

	2020 £	2019 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	22,193	16,165
Interest on invoice finance arrangements	62,197	54,060
	<u>84,390</u>	<u>70,225</u>
<b>Other finance costs:</b>		
Other interest	447	-
	<u>84,837</u>	<u>70,225</u>

### 9 Taxation

	2020 £	2019 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	130,626	127,527
	<u></u>	<u></u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(3,519)	(3,454)
	<u></u>	<u></u>
Total tax charge	<u>127,107</u>	<u>124,073</u>

	2020 £	2019 £
Profit before taxation	<u>688,371</u>	<u>639,528</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	130,790	121,510
Tax effect of expenses that are not deductible in determining taxable profit	1,447	2,563
Permanent capital allowances in excess of depreciation	3,519	3,454
Deferred tax	(3,519)	(3,454)
Corporation tax not provided for	(5,130)	-
Taxation charge for the year	<u>127,107</u>	<u>124,073</u>

# BIP CANDY & TOYS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 10 Dividends

	2020 £	2019 £
Interim	570,000	100,000

### 11 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2019 and 31 March 2020	35,027	62,466	30,251	11,400	139,144
<b>Depreciation and impairment</b>					
At 1 April 2019	3,503	54,599	10,083	8,550	76,735
Depreciation charged in the year	3,503	3,933	10,083	2,850	20,369
At 31 March 2020	7,006	58,532	20,166	11,400	97,104
<b>Carrying amount</b>					
At 31 March 2020	28,021	3,934	10,085	-	42,040
At 31 March 2019	31,524	7,867	20,168	2,850	62,409

### 12 Stocks

	2020 £	2019 £
Work in progress	-	91,486
Finished goods and goods for resale	1,608,077	2,392,758
	1,608,077	2,484,244

Finished goods valuation above includes provision against slow-moving stocks of £96,000 (2019 - £72,000).

### 13 Debtors

	2020 £	2019 £
<b>Amounts falling due within one year:</b>		
Trade debtors	3,214,515	3,453,168
Amounts owed by group undertakings	219,853	-
Other debtors	3,263	2,672
Prepayments and accrued income	89,962	81,991
	3,527,593	3,537,831

# BIP CANDY & TOYS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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

	Notes	2020 £	2019 £
Bank loans and overdrafts	15	-	14,104
Trade creditors		1,157,088	1,191,569
Corporation tax		65,406	69,793
Other taxation and social security		292,579	201,368
Dividends payable		370,000	-
Other creditors		1,612,147	1,446,591
Accruals and deferred income		333,523	314,690
		<u>3,830,743</u>	<u>3,238,115</u>

Other creditors includes amounts owed by the company to RBS Invoice Finance of £1,465,210 (2019 - £1,445,076) 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 of the company.

### 15 Loans and overdrafts

	2020 £	2019 £
Bank overdrafts	-	14,104
	<u>-</u>	<u>14,104</u>
Payable within one year	-	14,104
	<u>-</u>	<u>14,104</u>

The bank overdraft is secured by a legal charge held by National Westminster Bank Plc dated 30 May 2002.

### 16 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	17	4,837	8,356
		<u>4,837</u>	<u>8,356</u>

### 17 Deferred taxation

Deferred tax assets and liabilities are offset where the 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:

	Liabilities 2020 £	Liabilities 2019 £
<b>Balances:</b>		
Accelerated capital allowances	4,837	8,356
	<u>4,837</u>	<u>8,356</u>

# BIP CANDY & TOYS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

<b>17</b>	<b>Deferred taxation</b>	<b>(Continued)</b>
		<b>2020</b>
	<b>Movements in the year:</b>	<b>£</b>
	Liability at 1 April 2019	8,356
	Credit to profit or loss	(3,519)
	Liability at 31 March 2020	<u>4,837</u>

<b>18</b>	<b>Retirement benefit schemes</b>	<b>2020</b>	<b>2019</b>
	<b>Defined contribution schemes</b>	<b>£</b>	<b>£</b>
	Charge to profit or loss in respect of defined contribution schemes	<u>94,850</u>	<u>49,354</u>

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.

<b>19</b>	<b>Share capital</b>	<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
	<b>Ordinary share capital</b>		
	<b>Issued and fully paid</b>		
	28,000 Ordinary shares of £1 each	<u>28,000</u>	<u>28,000</u>

### 20 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.

## BIP CANDY & TOYS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2020

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#### 21 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 2020, the company had outstanding contracts amounting to £7,134,376 (2019 - £6,437,472), translated at the contract rate in US Dollars and Euros, due to mature within one year. This represents \$5,733,819 and €3,050,007 (2019 - \$5,200,000 and €2,650,000). The fair value relating to forward exchange contracts amounted to a gain of £168,842 (2019 - loss £170,667).

##### Goods committed to

At 31 March 2020, the company was committed to purchases of goods amounting to £339,205 (2019 - £828,076).

#### 22 Operating lease commitments

##### Lessee

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:

	2020 £	2019 £
Within one year	43,500	43,919
Between two and five years	130,500	130,500
In over five years	119,625	163,125
	<u>293,625</u>	<u>337,544</u>

#### 23 Related party transactions

##### Transactions with related parties

During the year the company entered into the following 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.

#### 24 Ultimate controlling party

The parent company of BIP Candy & Toys UK Limited is BIP Holland B.V, who own 100% of the issued Ordinary share capital of the company, and is registered in the Netherlands.

The financial statements of the company are consolidated into the accounts of BCF Holding B.V. located at Bredaseweg 123, 4872 LA Etten-Leur, Netherlands,. This company owns 100% of the issued Ordinary share capital of BIP Holland B.V.

This company is itself 70.1% owned by DOK Kindersüßwaren GmbH, a company registered in Germany, located at Aspastraße 24, 59394 Nordkirchen, Germany.

# BIP CANDY & TOYS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 25 Cash generated from operations

	2020 £	2019 £
Profit for the year after tax	561,264	515,455
<b>Adjustments for:</b>		
Taxation charged	127,107	124,073
Finance costs	84,837	70,225
Depreciation and impairment of tangible fixed assets	20,369	20,369
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	876,167	(348,193)
Decrease/(increase) in debtors	10,238	(918,802)
Increase in creditors	241,119	776,128
<b>Cash generated from operations</b>	<b>1,921,101</b>	<b>239,255</b>

### 26 Analysis of changes in net funds/(debt)

	1 April 2019 £	Cash flows £	31 March 2020 £
Cash at bank and in hand	313	1,487,147	1,487,460
Bank overdrafts	(14,104)	14,104	-
	<b>(13,791)</b>	<b>1,501,251</b>	<b>1,487,460</b>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.