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Company Registration No. SC198334 (Scotland)

- 6 JUL 2018

BIP CANDY & TOYS UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018



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BIP CANDY & TOYS UK 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
Auditor	Chadwick & Company (Manchester) Limited Chartered Accountants Statutory Auditors Capital House 272 Manchester Road Droylsden Manchester M43 6PW
Business address	1st Floor, Unit E Orbital 24 Oldham Street Denton Manchester M34 3SU
Bankers	National Westminster Bank plc 36 The Rock Bury Lancashire BL9 0NU

BIP CANDY & TOYS UK LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 6
Statement of income and retained earnings	7
Balance sheet	8
Statement of cash flows	9
Notes to the financial statements	10 - 21

BIP CANDY & TOYS UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present the strategic report for the year ended 31 March 2018.

Fair review of the business

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

In spite of continued decline in the high street sector and increased competition and price pressure, sales were considered to be extremely encouraging. Turnover for the year, after discounts allowed, increased by 20.7% to £14,943,559 (2017 - £12,380,271). The gross profit margin also increased to 24.64% (2017 - 23.33%).

The company has consolidated its position 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 continued growth of ranges within current distributed brand partnerships as well as well planned promotional activity and introduction of new products. The more recent supplier distribution agreements with key European manufacturers is working well.

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 £2,422,871 (2017 - £2,290,273) including distributable reserves amounting to £2,382,871 (2017 - £2,250,273). Given that net current assets exceeded current liabilities by £2,351,903 (2017 - £2,170,144) the directors believe the company's position to be satisfactory.

BIP CANDY & TOYS UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Future developments

The company remains focussed on growing the sustainable business across all sectors. Long term brands are helping grow sales. The ever maturing licensed merchandise sector within the company is stabilising as the company becomes more recognised in this area. This being accentuated by changing the company name and brand to BIP Candy & Toys UK Limited. In addition the company has moved to more modern premises and increased the sales team to aid the sales growth.

The width of distribution is allowing the company to introduce new products into channels that have not been available before until the company had access to these types of products.

The 'Healthier Choice' area of the market is recognised as a major growth area and opportunity. The BIP Fun and Fruity range and Disney Kitchen Portfolio are a focus. The company also has other ranges of reduced sugar products that are being introduced in 2018/19 and are being very well received.

On behalf of the board



I Gavin

Director

18 June 2018

BIP CANDY & TOYS UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their annual report and financial statements for the year ended 31 March 2018.

Principal activities

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

On 18 January 2018 the company formally changed its name from What Next Candy Company Limited, bringing it in line with the other members of the BIP Group.

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.

Ordinary dividends were paid amounting to £300,000. 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.

BIP CANDY & TOYS UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

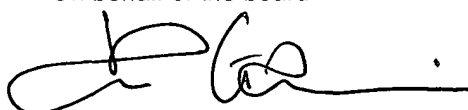
Statement of disclosure to auditor

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

18 June 2018

BIP CANDY & TOYS UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BIP CANDY & TOYS UK LIMITED

Opinion

We have audited the financial statements of BIP Candy & Toys UK Limited (the 'company') for the year ended 31 March 2018 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 2018 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are 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 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.

BIP CANDY & TOYS UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BIP CANDY & TOYS UK 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are 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 directors determine 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 directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

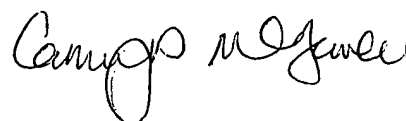
Auditor's responsibilities for the audit of the financial statements

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

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

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

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

19 June 2018

BIP CANDY & TOYS UK LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Turnover	3	14,943,559	12,380,271
Cost of sales		(11,286,760)	(9,491,351)
Gross profit		3,656,799	2,888,920
Distribution costs		(986,229)	(792,235)
Administrative expenses		(2,052,383)	(1,721,167)
Operating profit	4	618,187	375,518
Interest payable and similar expenses	8	(91,101)	(90,207)
Profit before taxation		527,086	285,311
Tax on profit	9	(94,488)	(60,051)
Profit for the financial year		432,598	225,260
Retained earnings brought forward		2,250,273	2,025,013
Dividends	10	(300,000)	-
Retained earnings carried forward		2,382,871	2,250,273

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 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	11		82,778		120,129
Current assets					
Stocks	13	2,136,051		1,643,462	
Debtors	14	2,619,029		3,596,667	
Cash at bank and in hand		77,591		-	
		<u>4,832,671</u>		<u>5,240,129</u>	
Creditors: amounts falling due within one year	15	<u>(2,480,768)</u>		<u>(3,069,985)</u>	
Net current assets			2,351,903		2,170,144
Total assets less current liabilities			<u>2,434,681</u>		<u>2,290,273</u>
Provisions for liabilities	17		(11,810)		-
Net assets			<u>2,422,871</u>		<u>2,290,273</u>
Capital and reserves					
Called up share capital	20		28,000		28,000
Capital redemption reserve	21		12,000		12,000
Profit and loss reserves	21		2,382,871		2,250,273
Total equity			<u>2,422,871</u>		<u>2,290,273</u>

The financial statements were approved by the board of directors and authorised for issue on 18 June 2018 and are signed on its behalf by:



I Gavin
Director

Company Registration No. SC198334

BIP CANDY & TOYS UK LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	26	505,646		219,872	
Interest paid		(91,101)		(90,207)	
Income taxes paid		(40,377)		(70,966)	
Net cash inflow from operating activities		<u>374,168</u>		<u>58,699</u>	
Investing activities					
Purchase of tangible fixed assets		(77,078)		-	
Proceeds on disposal of tangible fixed assets		<u>148,298</u>		<u>-</u>	
Net cash generated from/(used in) investing activities		71,220		-	
Financing activities					
Dividends paid		<u>(300,000)</u>		<u>(200,000)</u>	
Net cash used in financing activities		<u>(300,000)</u>		<u>(200,000)</u>	
Net increase/(decrease) in cash and cash equivalents		145,388		(141,301)	
Cash and cash equivalents at beginning of year		<u>(67,797)</u>		<u>73,504</u>	
Cash and cash equivalents at end of year		<u><u>77,591</u></u>		<u><u>(67,797)</u></u>	
Relating to:					
Cash at bank and in hand		77,591		-	
Bank overdrafts included in creditors payable within one year		<u>-</u>		<u>(67,797)</u>	

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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 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.

1.3 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 2018

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 at bank and in hand

Cash at bank and in hand 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.

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 publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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

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.

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.9 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.

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.

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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

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.

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:

	2018 £	2017 £
Turnover analysed by class of business		
Sales generated under the company's principal activity	14,943,559	12,380,271
	<u>14,943,559</u>	<u>12,380,271</u>
	2018 £	2017 £
Turnover analysed by geographical market		
United Kingdom	12,082,491	10,183,721
European Union	2,861,068	2,196,550
	<u>14,943,559</u>	<u>12,380,271</u>

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

4 Operating profit

	2018	2017
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(12,561)	(146,334)
Depreciation of owned tangible fixed assets	7,183	7,183
Profit on disposal of tangible fixed assets	(41,052)	-
Cost of stocks recognised as an expense	11,286,760	9,491,351
Operating lease charges	11,408	-
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2018	2017
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	20,500	19,000
	<u> </u>	<u> </u>
For other services		
Services relating to corporate finance transactions	503	839
All other non-audit services	5,800	4,800
	<u> </u>	<u> </u>
	6,303	5,639
	<u> </u>	<u> </u>

6 Employees

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

	2018	2017
	Number	Number
Sales	4	4
Administration	5	5
Marketing and product design	4	4
Logistics and quality control	4	4
	<u> </u>	<u> </u>
	17	17
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	803,652	755,344
Social security costs	83,823	80,357
Pension costs	44,709	46,095
	<u> </u>	<u> </u>
	932,184	881,796
	<u> </u>	<u> </u>

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

7 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	173,583	159,265

Directors' remuneration includes benefits-in-kind.

8 Interest payable and similar expenses

	2018 £	2017 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	14,442	29,119
Interest on invoice finance arrangements	76,659	61,088
	<u>91,101</u>	<u>90,207</u>

9 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	82,678	60,377
Adjustments in respect of prior periods	-	(326)
Total current tax	<u>82,678</u>	<u>60,051</u>
Deferred tax		
Origination and reversal of timing differences	<u>11,810</u>	<u>-</u>
Total tax charge	<u>94,488</u>	<u>60,051</u>
	2018 £	2017 £
Profit before taxation	<u>527,086</u>	<u>285,311</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	100,146	57,062
Tax effect of expenses that are not deductible in determining taxable profit	2,411	2,251
Gains not taxable	(7,800)	-
Permanent capital allowances in excess of depreciation	(12,079)	1,064
Under/(over) provided in prior years	-	(326)
Deferred tax	<u>11,810</u>	<u>-</u>
Taxation charge for the year	<u>94,488</u>	<u>60,051</u>

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

10 Dividends

	2018 £	2017 £
Interim paid	300,000	-

11 Tangible fixed assets

	Long leasehold land & property £	Leasehold improvements £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost						
At 1 April 2017	173,325	-	130,387	39,420	11,400	354,532
Additions	-	35,027	11,800	30,251	-	77,078
Disposals	(173,325)	-	(79,721)	(39,420)	-	(292,466)
At 31 March 2018	-	35,027	62,466	30,251	11,400	139,144
Depreciation and impairment						
At 1 April 2017	61,746	-	130,387	39,420	2,850	234,403
Depreciation charged in the year	4,333	-	-	-	2,850	7,183
Eliminated in respect of disposals	(66,079)	-	(79,721)	(39,420)	-	(185,220)
At 31 March 2018	-	-	50,666	-	5,700	56,366
Carrying amount						
At 31 March 2018	-	35,027	11,800	30,251	5,700	82,778
At 31 March 2017	111,579	-	-	-	8,550	120,129

12 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost (trade and other debtors)	2,555,772	3,538,424
Carrying amount of financial liabilities		
Measured at amortised cost (creditors less taxation)	2,130,728	2,723,450

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

13 Stocks

	2018 £	2017 £
Work in progress	30,989	33,702
Finished goods and goods for resale	2,105,062	1,609,760
	<u>2,136,051</u>	<u>1,643,462</u>

Finished goods valuation above includes provision against slow-moving stocks of £91,527 (2017 - £159,725).

14 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	2,550,977	3,533,837
Other debtors	4,795	4,587
Prepayments and accrued income	63,257	58,243
	<u>2,619,029</u>	<u>3,596,667</u>

15 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	16	-	67,797
Trade creditors		649,576	991,620
Amounts due to group undertakings		300,000	-
Corporation tax		102,678	60,377
Other taxation and social security		247,362	286,158
Other creditors		679,759	1,388,293
Accruals and deferred income		501,393	275,740
		<u>2,480,768</u>	<u>3,069,985</u>

Other creditors includes amounts owed by the company to RBS Invoice Finance of £653,313 (2017 - £1,388,293) 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.

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

16 Loans and overdrafts

	2018 £	2017 £
Bank overdrafts	-	67,797
Payable within one year	-	67,797

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

17 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	18	11,810	-

18 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 2018 £	Liabilities 2017 £
Balances:		
Accelerated capital allowances	11,810	-
Movements in the year:		2018 £
Liability at 1 April 2017		-
Charge to profit or loss		11,810
Liability at 31 March 2018		11,810

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

19 Retirement benefit schemes

	2018	2017
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	44,709	46,095

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.

20 Share capital

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
28,000 Ordinary shares of £1 each	28,000	28,000
	28,000	28,000

21 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.

22 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 2018, the company had outstanding contracts amounting to £2,872,504 (2017 - £3,265,635), translated at the contract rate in US Dollars and Euros, due to mature within one year. This represents \$2,500,000 and €1,129,520 (2017 - \$2,500,000 and €1,500,000). The fair value relating to forward exchange contracts amounted to a negative of £95,192 (2017 - positive £9,155).

Goods committed to

At 31 March 2018, the company was committed to purchases of goods amounting to £827,250 (2017 - £890,584).

BIP CANDY & TOYS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

23 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:

	2018 £	2017 £
Within one year	11,434	559
Between two and five years	163,544	978
In over five years	174,000	-
	<u>348,978</u>	<u>1,537</u>

24 Related party transactions

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.

25 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. 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.

26 Cash generated from operations

	2018 £	2017 £
Profit for the year after tax	432,598	225,260
Adjustments for:		
Taxation charged	94,488	60,051
Finance costs	91,101	90,207
Gain on disposal of tangible fixed assets	(41,052)	-
Depreciation and impairment of tangible fixed assets	7,183	7,183
Movements in working capital:		
(Increase) in stocks	(492,589)	(342,409)
Decrease/(increase) in debtors	977,638	(1,318,383)
(Decrease)/increase in creditors	(563,721)	1,497,963
Cash generated from operations	<u>505,646</u>	<u>219,872</u>