

**STRATEGIC REPORT,
REPORT OF THE DIRECTOR AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
FOR
KINETIC ENTERPRISES LIMITED**

Mehta & Tengra
Chartered Accountants
Registered Auditors
24 Bedford Row
London
WC1R 4TQ



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FOR THE YEAR ENDED 31 DECEMBER 2018**

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KINETIC ENTERPRISES LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

DIRECTOR:	S P Baharani
REGISTERED OFFICE:	24 Bedford Row London WC1R 4TQ
BUSINESS ADDRESS:	Unit 1 Central Park Central Way Park Royal London NW10 7FY
REGISTERED NUMBER:	02565441 (England and Wales)
AUDITORS:	Mehta & Tengra Chartered Accountants Registered Auditors 24 Bedford Row London WC1R 4TQ
BANKERS:	Barclays Bank Plc Piccadilly Business Centre 1-3 Arlington Street London SW1A 1RA

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The director presents his strategic report for the year ended 31 December 2018.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties are:

Property Investment

Property values may decline and returns not be optimised; uneconomic investments may be made or underperforming properties retained; significant tenant defaults may reduce income and property values.

Management Risks

The company is reliant on its small team of advisors and director.

Financial Risks

See Financial Instruments note in the Directors Report.

Credit Risks

The Company is exposed due to credit given to its customers, many of whom are not well established.

Exchange Risks

The company imports substantial goods from overseas and the weakness of sterling would impact its margins.

Consumer Confidence

The company is exposed to demand from retail consumers as its products are mainly lifestyle and supplements.

KINETIC ENTERPRISES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

KEY PERFORMANCE INDICATORS

The board of directors uses both financial and non-financial performance indicators to review the company's position.

The main financial performance indicators are:

	2018	2017
Net Profit after tax to turnover	4.43%	3.59%
Current assets to current liabilities	4.42:1	2.85:1
Receivable turnover ratio	84 days	96 days
Stock to cost of sales	19.10%	32.61%
Net cash balances	£415K	£329K

The non-financial indicators are:

Suppliers confidence

The company maintains a long standing good relationship with all its suppliers.

Customer Satisfaction

The company's customers are mainly based in the UK and Europe, most of whom have a long standing professional relationship with the company.

Employee relationship

The company operates non discriminatory policies on the employment and welfare of staff. Health and safety policies are strictly adhered to by ensuring staff are properly trained in handling goods & heavy packaging. The employee/manager relationship and complaint procedures are regularly reviewed by management. The company also maintains a healthy and productive relationship with its employees.

COMPANY'S POLICY ON PAYMENT OF CREDITORS

The company's current policy concerning the payment of trade creditors is dictated by the large overseas suppliers who have their own terms. On average the company obtains 2 weeks to 3 weeks of credit.

ON BEHALF OF THE BOARD:



S P Baharani - Director

27 September 2019

**REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2018**

The director presents his report with the financial statements of the company for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of import and distribution of health and beauty products.

DIVIDENDS

The director voted and paid a final dividend of £Nil (2017:£60,000)

DIRECTOR

S P Baharani held office during the whole of the period from 1 January 2018 to the date of this report.

FINANCIAL INSTRUMENTS

The company's principal financial instruments comprise bank balances, trade debtors and trade creditors.

The main purpose of these instruments is to provide finance for its day to day operations.

Since a considerable amount of the company's purchases are in US Dollars there is exposure to currency risks in addition to normal inflationary risks which under the current economic climate may also be a factor.

The trade creditors liquidity risks are managed by ensuring sufficient funds are available to meet the amounts due.

The trade debtors liquidity risks are managed by ensuring the prompt collection of outstanding debts.

POST BALANCE SHEET EVENTS

There were no significant events to report.

TAXATION STATUS

The company is a close company within the provision of Income and Corporation Tax Act 2010.

RELATED PARTY TRANSACTION

The director had no material interest at any time during the year in any contract of significance in relation to the business of the company except as stated in note 22, 23 and 24 to the financial statements.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Strategic Report, the Report of the Director 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;
- 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 him 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.

**REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2018**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

The auditors, Mehta & Tengra, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



S P Baharami - Director

27 September 2019

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF KINETIC ENTERPRISES LIMITED

Opinion

We have audited the financial statements of Kinetic Enterprises Limited (the 'company') for the year ended 31 December 2018 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, 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 Financial Reporting Standard 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 December 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 Auditors' 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 in the Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors 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 the audit:

- the information given in the Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Director have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF KINETIC ENTERPRISES 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 or the Report of the Director.

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 Statement of Director's Responsibilities set out on page four, 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 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.

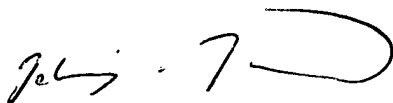
Auditors' responsibilities for the audit of the financial statements

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 a Report of the Auditors 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Mr J.J. Mehta (Senior Statutory Auditor)
for and on behalf of Mehta & Tengra
Chartered Accountants
Registered Auditors
24 Bedford Row
London
WC1R 4TQ

27 September 2019

KINETIC ENTERPRISES LIMITED (REGISTERED NUMBER: 02565441)**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £	2017 £
TURNOVER	3	11,396,034	11,056,869
Cost of sales		(7,963,399)	(7,743,383)
GROSS PROFIT		3,432,635	3,313,486
Distribution costs		(871,875)	(1,061,868)
Administrative expenses		(2,147,320)	(1,998,283)
		413,440	253,335
Other operating income		19,200	14,300
OPERATING PROFIT	5	432,640	267,635
Interest receivable and similar income	6	80,623	87,689
		513,263	355,324
Gain/loss on revaluation of assets		-	57,500
		513,263	412,824
Interest payable and similar expenses	7	(8,749)	(15,677)
PROFIT BEFORE TAXATION		504,514	397,147
Tax on profit	8	(104,723)	(93,124)
PROFIT FOR THE FINANCIAL YEAR		399,791	304,023

The notes form part of these financial statements

KINETIC ENTERPRISES LIMITED (REGISTERED NUMBER: 02565441)

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £	2017 £
PROFIT FOR THE YEAR		399,791	304,023
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>399,791</u>	<u>304,023</u>

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Tangible assets	10	85,710	116,092
Investments	11	1	1
Investment property	12	865,000	865,000
		<u>950,711</u>	<u>981,093</u>
CURRENT ASSETS			
Stocks	13	1,521,190	2,524,747
Debtors	14	6,075,255	5,859,334
Cash at bank and in hand	15	415,709	329,814
		<u>8,012,154</u>	<u>8,713,895</u>
CREDITORS			
Amounts falling due within one year	16	(1,493,040)	(2,620,730)
NET CURRENT ASSETS		<u>6,519,114</u>	<u>6,093,165</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,469,825</u>	<u>7,074,258</u>
PROVISIONS FOR LIABILITIES	18	(147,404)	(151,628)
NET ASSETS		<u><u>7,322,421</u></u>	<u><u>6,922,630</u></u>
CAPITAL AND RESERVES			
Called up share capital	19	25,000	25,000
Revaluation reserve	20	-	287,256
Fair value reserve	20	602,697	315,441
Retained earnings	20	6,694,724	6,294,933
SHAREHOLDERS' FUNDS		<u><u>7,322,421</u></u>	<u><u>6,922,630</u></u>

The financial statements were approved by the director on 27 September 2019 and were signed by:



S P Baharani - Director

The notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Fair value reserve £	Total equity £
Balance at 1 January 2017	25,000	6,097,485	287,256	262,000	6,671,741
Changes in equity					
Dividends	-	(60,000)	-	-	(60,000)
Total comprehensive income	-	257,448	-	53,441	310,889
Balance at 31 December 2017	<u>25,000</u>	<u>6,294,933</u>	<u>287,256</u>	<u>315,441</u>	<u>6,922,630</u>
Changes in equity					
Total comprehensive income	-	399,791	(287,256)	287,256	399,791
Balance at 31 December 2018	<u>25,000</u>	<u>6,694,724</u>	<u>-</u>	<u>602,697</u>	<u>7,322,421</u>

The notes form part of these financial statements

KINETIC ENTERPRISES LIMITED (REGISTERED NUMBER: 02565441)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

		2018	2017
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	1	304,351	(752,202)
Interest paid		(8,749)	(15,677)
Tax paid		(115,755)	326,742
Net cash from operating activities		179,847	(441,137)
Cash flows from investing activities			
Interest received		80,623	87,689
Net cash from investing activities		80,623	87,689
Cash flows from financing activities			
Amount introduced by directors		-	1,147,722
Amount withdrawn by directors		(174,575)	(1,231,604)
Equity dividends paid		-	(60,000)
Net cash from financing activities		(174,575)	(143,882)
Increase/(decrease) in cash and cash equivalents		85,895	(497,330)
Cash and cash equivalents at beginning of year	2	329,814	827,144
Cash and cash equivalents at end of year	2	415,709	329,814

The notes form part of these financial statements

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**
1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2018	2017
	£	£
Profit before taxation	504,514	397,147
Depreciation charges	30,382	30,559
Gain on revaluation of fixed assets	-	(57,500)
Finance costs	8,749	15,677
Finance income	(80,623)	(87,689)
	<u>463,022</u>	<u>298,194</u>
Decrease/(increase) in stocks	1,003,557	(657,563)
Increase in trade and other debtors	(41,346)	(984,157)
(Decrease)/increase in trade and other creditors	(1,120,882)	591,324
	<u>(1,120,882)</u>	<u>591,324</u>
Cash generated from operations	<u><u>304,351</u></u>	<u><u>(752,202)</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2018

	31.12.18	1.1.18
	£	£
Cash and cash equivalents	<u>415,709</u>	<u>329,814</u>

Year ended 31 December 2017

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	329,814	827,166
Bank overdrafts	-	(22)
	<u>329,814</u>	<u>827,144</u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. STATUTORY INFORMATION

Kinetic Enterprises Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

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

Fixtures and fittings	- 15% on cost
Computer equipment	- 33% on cost

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those asset have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Investment property

(a) The company's investment properties were valued on an open market basis.

(b) The historical cost of investment properties is £120,930

(c) Investment property is included at fair value. Gains are recognised in the income statement. Deferred taxation is provided on these gains at the rate expected to apply when the property is sold.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving item. The cost comprises of import purchase price only.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only 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.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from an associate have been recognised, and will be assessed for tax in a future period, except where:

- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax asset and deferred tax liabilities are offset only if:

- the company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax asset and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously

Provisions

Provisions are recognised when the company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made.

Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of the historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Long term monetary items are translated at the year end rate.

The assets and liabilities of foreign operations arising on consolidation are translated at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Pension costs and other post-retirement benefits

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES - continued

The company operates a small self administered pension scheme for its directors. The pension scheme is a defined contribution scheme, the assets of which are held separately from the company in an independently administered fund.

The company also operates a defined contribution scheme for its staff under "auto enrolment"

Leasing and rental transactions

Where assets are financed by leasing arrangement that give rights approximate to ownership(finance lease), the assets are treated as if they had been purchased outright. The capital element of the related rental obligation is included in the creditors. The interest element of the rental obligation is charged to the profit and loss account over the term of the lease.

All other leases and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

Trade and other debtors

Trade and other debtors are initially recognised at fair value, less impairment losses for bad and doubtful debts.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

4. EMPLOYEES AND DIRECTORS

	2018	2017
	£	£
Wages and salaries	1,213,290	1,110,920
Social security costs	108,432	107,791
Other pension costs	13,758	48,013
	<u>1,335,480</u>	<u>1,266,724</u>

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

	2018	2017
Sales and administration	<u>41</u>	<u>53</u>

	2018	2017
	£	£
Director's remuneration	43,000	43,000
Director's pension contributions to money purchase schemes	<u>-</u>	<u>40,000</u>

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

Money purchase schemes	<u>-</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

5. OPERATING PROFIT

The operating profit is stated after charging:

	2018	2017
	£	£
Depreciation - owned assets	30,382	30,559
Auditors' remuneration	8,000	8,000
Auditors' remuneration for non audit work	14,274	13,269
	<u>52,656</u>	<u>51,828</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018	2017
	£	£
Bank interest	-	21
Other interest	80,623	87,668
	<u>80,623</u>	<u>87,689</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Other interest	-	15,677
Factoring interest	8,749	-
	<u>8,749</u>	<u>15,677</u>

8. TAXATION**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2018	2017
	£	£
Current tax:		
UK corporation tax	105,346	75,730
Underprovision in previous years	-	3,104
ATED Tax	3,600	7,275
Total current tax	<u>108,946</u>	<u>86,109</u>
Deferred tax	(4,223)	7,015
Tax on profit	<u>104,723</u>	<u>93,124</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

8. TAXATION - continued**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £	2017 £
Profit before tax	<u>504,514</u>	<u>397,147</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19%)	95,858	75,458
Effects of:		
Depreciation	5,772	5,806
Capital allowances	(131)	(160)
Disallowed expenses	3,847	(6,343)
Underprovision in previous years	-	3,104
Change in tax rates	-	969
Deferred tax	(4,223)	7,015
Ated Tax	3,600	7,275
Total tax charge	<u>104,723</u>	<u>93,124</u>

9. DIVIDENDS

	2018 £	2017 £
Final	<u>-</u>	<u>60,000</u>

10. TANGIBLE FIXED ASSETS

	Short leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 January 2018 and 31 December 2018	<u>101,610</u>	<u>159,206</u>	<u>147,574</u>	<u>408,390</u>
DEPRECIATION				
At 1 January 2018	40,644	104,080	147,574	292,298
Charge for year	<u>10,161</u>	<u>20,221</u>	-	<u>30,382</u>
At 31 December 2018	<u>50,805</u>	<u>124,301</u>	<u>147,574</u>	<u>322,680</u>
NET BOOK VALUE				
At 31 December 2018	<u>50,805</u>	<u>34,905</u>	-	<u>85,710</u>
At 31 December 2017	<u>60,966</u>	<u>55,126</u>	-	<u>116,092</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

11. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1 January 2018	
and 31 December 2018	1
NET BOOK VALUE	
At 31 December 2018	1
At 31 December 2017	1

The investments at the balance sheet date represents 2.5% of the issued share capital acquired in Honeyrose Bakery Limited, a company registered in England & Wales.

12. INVESTMENT PROPERTY

	Total £
FAIR VALUE	
At 1 January 2018	
and 31 December 2018	865,000
NET BOOK VALUE	
At 31 December 2018	865,000
At 31 December 2017	865,000

Fair value at 31 December 2018 is represented by:

	£
Valuation in 2011	344,040
Valuation in 2013	15,030
Valuation in 2016	327,500
Valuation in 2017	57,500
Cost	120,930
	865,000

If leasehold investment property had not been revalued it would have been included at the following historical cost:

	2018 £	2017 £
Cost	120,930	120,930
Aggregate depreciation	(56,784)	(56,784)

Leasehold investment property was valued on a vacant open market basis on 9 June 2017 by E McMahon MPhil MRICS.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

13. STOCKS

	2018 £	2017 £
Stocks	1,197,309	1,366,344
Goods in transit	323,881	1,158,403
	<u>1,521,190</u>	<u>2,524,747</u>

14. DEBTORS

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	1,712,548	2,167,322
Other debtors	124,697	121,295
Creditors paid in advance	-	13,427
Other taxation	6,103	-
Prepayments	16,212	61,806
	<u>1,859,560</u>	<u>2,363,850</u>
Amounts falling due after more than one year:		
Corporation tax recoverable	930,434	753,779
Other loan	1,036,939	1,011,648
Loan to an employee	842,143	498,453
Directors' loan accounts	1,406,179	1,231,604
	<u>4,215,695</u>	<u>3,495,484</u>
Aggregate amounts	<u>6,075,255</u>	<u>5,859,334</u>

Interest of 2.5% was charged on the loan.

15. CASH AT BANK AND IN HAND

The company's bankers have provided credit card facility of £70,000 and Foreign Exchange facility of £150,000.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Bank loans and overdrafts (see note 17)	159,484	300,997
Other taxation	-	128,430
Trade creditors	723,695	1,529,442
Corporation tax	509,202	516,011
Social security and other taxes	32,775	30,108
Other creditors	30,851	96,115
Accrued expenses	37,033	19,627
	<u>1,493,040</u>	<u>2,620,730</u>

17. LOANS

An analysis of the maturity of loans is given below:

	2018	2017
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>159,484</u>	<u>300,997</u>

18. PROVISIONS FOR LIABILITIES

	2018	2017
	£	£
Deferred tax		
Revaluation of investment prop	141,372	141,373
Other timing differences	6,032	10,255
	<u>147,404</u>	<u>151,628</u>
		Deferred tax
		£
Balance at 1 January 2018		151,628
Provided during year		(4,224)
Balance at 31 December 2018		<u>147,404</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018	2017
			£	£
25,000	Ordinary	£1	<u>25,000</u>	<u>25,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

20. RESERVES

	Retained earnings £	Revaluation reserve £	Fair value reserve £	Totals £
At 1 January 2018	6,294,933	287,256	315,441	6,897,630
Profit for the year	399,791			399,791
Fair value adjustment	-	(287,256)	287,256	-
At 31 December 2018	<u>6,694,724</u>	<u>-</u>	<u>602,697</u>	<u>7,297,421</u>

21. PENSION COMMITMENTS

The company operates a small self administered pension scheme for its directors. The pension scheme is a defined contribution scheme, the assets of which are held separately from the company in an independently administered fund.

The contribution for the year charged to profit and loss account amounted to £Nil (2017: £Nil)

The company also operates a defined contribution scheme for its staff under "auto enrolment"

The contribution for the year charged to the profit and loss account amounted to £13,111 (2017: £7,642).

The amounts outstanding at the balance sheet date was £2,808 (2017:£1185).

22. DIRECTOR'S ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31 December 2018 and 31 December 2017:

	2018 £	2017 £
S P Baharani		
Balance outstanding at start of year	1,231,604	1,147,722
Amounts advanced	174,575	-
Amounts repaid	-	83,882
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>1,406,179</u>	<u>1,231,604</u>

Interest of £34,792 (2017:£37,619) has been charged on amounts due.

23. RELATED PARTY DISCLOSURES

Rent received of £19,200 (2017:£14,300) by the company represents payment by the director for personal use of the company's property.

24. ULTIMATE CONTROLLING PARTY

The controlling party is S P Baharani.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

25. DERIVATIVE FINANCIAL INSTRUMENTS

Company uses derivative financial instruments to reduce exposure to foreign exchange risk. Company does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

26. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Members are required to make judgements, estimates and assumptions which affect the amounts reported for assets and liabilities as at the period end date and the amounts reported for revenues and expenses during the period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. However, the nature of the estimation means that actual outcomes could differ from these estimates.

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

Due to the company's simple nature of operations since incorporation, the members consider there to be no critical judgements, estimates and assumptions used in the preparation of these financial statements.