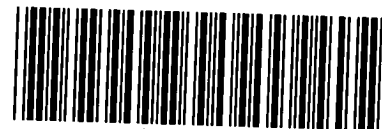


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Company Registration No. 02947642 (England and Wales)

SABICHI HOMEWARES LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2019

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SABICHI HOMEWARES LTD

COMPANY INFORMATION

Directors	Mr T Bagga Mrs M L Bagga Mrs S Phull Mr S Bagga
Secretary	Mrs M L Bagga
Company number	02947642
Registered office	Sabichi House 5 Wadsworth Road Perivale Middlesex UB6 7JD
Auditor	Jacob Cavenagh & Skeet 5 Robin Hood Lane Sutton Surrey SM1 2SW

SABICHI HOMEWARES LTD

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SABICHI HOMEWARES LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 OCTOBER 2019

The directors present the strategic report for the year ended 31 October 2019.

Fair review of the business

The company's results reflect the significant investment that it has made in new product category launches and entry into new international markets in the past year, and the directors consider the profit on ordinary activities before taxation to be satisfactory.

Principal risks and uncertainties


The principal activity of the company in the year under review was that of developing and importing homewares, small and major domestic appliance products under retailer and the company's own brands.

The principal risks facing the company are if it fails to supply high quality products which meet its customers' requirements in today's competitive market conditions. The company mitigates this risk by a rigorous quality control programme, and devoting senior management resources to sourcing new products from a range of quality global manufacturers.

Development and performance

The company has further developed its client base within the UK whilst also increasing reach to international retailers and distributors. By doing so the company has broadened the reach of its brands whilst maintaining a high quality product and good service levels. This, coupled with careful cost control within the business has enabled it to generate increased profit for the year.

On behalf of the board



Mr T Bagga

Director

30 January 2020

SABICHI HOMEWARES LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2019

The directors present their annual report and financial statements for the year ended 31 October 2019.

Principal activities

The principal activity of the company continued to be that of importing and distributing homeware products for the retail trade.

Directors

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

Mr T Bagga
Mrs M L Bagga
Mrs S Phull
Mr S Bagga

Results and dividends

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

Dividends of £550,000 were paid during the year.


Auditor

A resolution to reappoint Jacob Cavenagh & Skeet as auditors of the company will be proposed at the forthcoming annual general meeting.

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.

On behalf of the board


Mr T Bagga
Director

30 January 2020

SABICHI HOMEWARES LTD

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2019

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;
- 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.

SABICHI HOMEWARES LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF SABICHI HOMEWARES LTD

Opinion

We have audited the financial statements of Sabichi Homewares Ltd (the 'company') for the year ended 31 October 2019 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, 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 October 2019 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.

SABICHI HOMEWARES LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) **TO THE MEMBER OF SABICHI HOMEWARES LTD**

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.

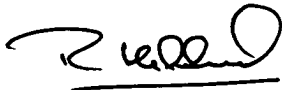
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

SABICHI HOMEWARES LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF SABICHI HOMEWARES LTD

Use of our report

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.



Richard Haffenden MA (Cantab) FCA (Senior Statutory Auditor)
for and on behalf of Jacob Cavenagh & Skeet

6 FEBRUARY 2020

Chartered Accountants
Statutory Auditor

5 Robin Hood Lane
Sutton
Surrey
SM1 2SW

SABICHI HOMEWARES LTD

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 OCTOBER 2019

	Notes	2019 £	2018 £
Turnover	3	17,324,076	11,700,937
Cost of sales		(13,800,693)	(8,853,867)
Gross profit		3,523,383	2,847,070
Distribution costs		(1,358,432)	(1,096,484)
Administrative expenses		(2,050,574)	(1,575,022)
Other operating income		303,123	125,000
Operating profit	4	417,500	300,564
Interest payable and similar expenses	7	(23,273)	-
Profit before taxation		394,227	300,564
Tax on profit	8	(75,503)	(55,180)
Profit for the financial year		318,724	245,384

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

SABICHI HOMEWARES LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2019

	2019 £	2018 £
Profit for the year	318,724	245,384
Other comprehensive income	-	-
Total comprehensive income for the year	<u>318,724</u>	<u>245,384</u>

SABICHI HOMEWARES LTD

BALANCE SHEET

AS AT 31 OCTOBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Intangible assets	10	202,115		218,750	
Tangible assets	11	2,529,951		135,814	
Investments	12	1		-	
		<u>2,732,067</u>		<u>354,564</u>	
Current assets					
Stocks	15	3,833,960		3,704,938	
Debtors	16	3,797,044		4,681,545	
Cash at bank and in hand		749,855		115,349	
		<u>8,380,859</u>		<u>8,501,832</u>	
Creditors: amounts falling due within one year	17	<u>(2,897,431)</u>		<u>(2,003,319)</u>	
Net current assets		<u>5,483,428</u>		<u>6,498,513</u>	
Total assets less current liabilities		<u>8,215,495</u>		<u>6,853,077</u>	
Creditors: amounts falling due after more than one year	18	(1,512,660)		-	
Provisions for liabilities	20	(98,734)		(17,700)	
Net assets		<u><u>6,604,101</u></u>		<u><u>6,835,377</u></u>	
Capital and reserves					
Called up share capital	23	25,000		25,000	
Profit and loss reserves		6,579,101		6,810,377	
Total equity		<u><u>6,604,101</u></u>		<u><u>6,835,377</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 30 January 2020 and are signed on its behalf by:



Mr T Bagga
Director

Company Registration No. 02947642

SABICHI HOMEWARES LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2019

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 November 2017		25,000	6,564,993	6,589,993
Year ended 31 October 2018:				
Profit and total comprehensive income for the year		-	245,384	245,384
Balance at 31 October 2018		25,000	6,810,377	6,835,377
Year ended 31 October 2019:				
Profit and total comprehensive income for the year		-	318,724	318,724
Dividends	9	-	(550,000)	(550,000)
Balance at 31 October 2019		25,000	6,579,101	6,604,101

SABICHI HOMEWARES LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	27	830,628		(173,693)	
Interest paid		(23,273)		-	
Income taxes refunded/(paid)		46,694		(10,114)	
Net cash inflow/(outflow) from operating activities		854,049		(183,807)	
Investing activities					
Purchase of intangible assets		(10,033)		-	
Purchase of tangible fixed assets		(2,434,268)		(103,248)	
Purchase of subsidiaries		(1)		-	
Net cash used in investing activities		(2,444,302)		(103,248)	
Financing activities					
Proceeds of new bank loans		2,296,167		104,372	
Repayment of bank loans		(71,408)		-	
Net cash generated from financing activities		2,224,759		104,372	
Net increase/(decrease) in cash and cash equivalents		634,506		(182,683)	
Cash and cash equivalents at beginning of year		115,349		298,032	
Cash and cash equivalents at end of year		749,855		115,349	

SABICHI HOMEWARES LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

1 Accounting policies

Company information

Sabichi Homewares Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Sabichi House, 5 Wadsworth Road, Perivale, Middlesex, UB6 7JD.

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

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

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 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Trade mark	10% on cost
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1.5 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.

SABICHI HOMEWARES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2019

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	10% on cost
Plant and machinery	10-25% on cost
Fixtures, fittings & equipment	15% on cost
Website	25% on cost
Motor vehicles	25% on cost

Freehold land is not depreciated. The residual value of the freehold buildings is such that depreciation is immaterial and therefore no depreciation has been recognised.

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.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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.

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.

SABICHI HOMEWARES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

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.

1.9 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.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet 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.

SABICHI HOMEWARES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2019

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. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

SABICHI HOMEWARES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2019

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 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 is provided in respect of the tax effect of all timing differences that have originated but have not been reversed at the balance sheet date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a nondiscounted basis, at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.13 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.

1.14 Retirement benefits

The company operates a defined contribution pension scheme. Contributions payable for the year are charged to the profit and loss account.

1.15 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.

SABICHI HOMEWARES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2019

1 Accounting policies

(Continued)

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

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:

	2019 £	2018 £
Turnover analysed by class of business		
Sales of homeware products to the retail trade	17,324,076	11,700,937
	<u>17,324,076</u>	<u>11,700,937</u>
	2019 £	2018 £
Turnover analysed by geographical market		
United Kingdom	14,807,036	10,159,699
European Union	2,128,967	1,299,826
Rest of the World	388,073	241,412
	<u>17,324,076</u>	<u>11,700,937</u>

SABICHI HOMEWARES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2019

4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging:		
Exchange losses	31,499	86,233
Fees payable to the company's auditor for the audit of the company's financial statements	16,000	17,000
Depreciation of owned tangible fixed assets	40,131	19,486
Amortisation of intangible assets	26,668	26,250
Cost of stocks recognised as an expense	12,465,332	7,986,549
Operating lease charges	116,634	120,000
	<u> </u>	<u> </u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £31,499 (2018 - £86,233).

5 Employees

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

	2019 Number	2018 Number
Office and management	25	21
Warehouse and production	23	19
	<u> </u>	<u> </u>
	48	40
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	1,544,140	1,298,199
Social security costs	137,604	120,142
Pension costs	46,414	31,197
	<u> </u>	<u> </u>
	1,728,158	1,449,538
	<u> </u>	<u> </u>

6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	198,842	279,053
Company pension contributions to defined contribution schemes	23,141	21,117
	<u> </u>	<u> </u>
	221,983	300,170
	<u> </u>	<u> </u>

SABICHI HOMEWARES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2019

6 Directors' remuneration

(Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2018 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	n/a	111,175
Company pension contributions to defined contribution schemes	n/a	1,168

As total directors' remuneration was less than £200,000 in the current year, no disclosure is provided for that year.

7 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	23,273	-

8 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	79,433	38,271
Deferred tax		
Origination and reversal of timing differences	(3,930)	16,909
Total tax charge	75,503	55,180

SABICHI HOMEWARES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2019

8 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	<u>394,227</u>	<u>300,564</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	74,903	57,107
Tax effect of expenses that are not deductible in determining taxable profit	4,283	2,498
Group relief	-	(4,425)
Permanent capital allowances in excess of depreciation	247	(16,910)
Deferred tax	<u>(3,930)</u>	<u>16,910</u>
Taxation charge for the year	<u>75,503</u>	<u>55,180</u>

9 Dividends

	2019 £	2018 £
Final paid	<u>550,000</u>	<u>-</u>

10 Intangible fixed assets

	Trade mark £
Cost	
At 1 November 2018	262,500
Additions - separately acquired	<u>10,033</u>
At 31 October 2019	<u>272,533</u>
Amortisation and impairment	
At 1 November 2018	43,750
Amortisation charged for the year	<u>26,668</u>
At 31 October 2019	<u>70,418</u>
Carrying amount	
At 31 October 2019	<u>202,115</u>
At 31 October 2018	<u>218,750</u>

SABICHI HOMEWARES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2019

11 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Website	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 November 2018	-	48,480	147,380	30,695	207,135	433,690
Additions	2,400,000	4,222	30,046	-	-	2,434,268
At 31 October 2019	2,400,000	52,702	177,426	30,695	207,135	2,867,958
Depreciation and impairment						
At 1 November 2018	-	46,375	114,976	25,926	110,599	297,876
Depreciation charged in the year	-	526	10,199	4,769	24,637	40,131
At 31 October 2019	-	46,901	125,175	30,695	135,236	338,007
Carrying amount						
At 31 October 2019	2,400,000	5,801	52,251	-	71,899	2,529,951
At 31 October 2018	-	2,105	32,404	4,769	96,536	135,814

12 Fixed asset investments

	Notes	2019 £	2018 £
Investments in subsidiaries	13	1	-

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 November 2018	-
Additions	1
At 31 October 2019	1
Carrying amount	
At 31 October 2019	1
At 31 October 2018	-

13 Subsidiaries

Details of the company's subsidiaries at 31 October 2019 are as follows:

SABICHI HOMEWARES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2019

13 Subsidiaries (Continued)

Name of undertaking	Address	Class of shares held	% Held Direct Indirect
Sabichi Ltd	1	Ordinary	100.00

Registered office addresses (all UK unless otherwise indicated):

1 5 Wadsworth Road, Pervivale, Greenford, Middlesex, England, UB6 7JD

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
Sabichi Ltd	(230,793)	1,119

14 Financial instruments

	2019 £	2018 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	3,756,934	4,587,898
Carrying amount of financial liabilities		
Measured at amortised cost	4,188,057	1,929,481

15 Stocks

	2019 £	2018 £
Finished goods and goods for resale	3,833,960	3,704,938

16 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	3,350,384	2,668,194
Amounts owed by group undertakings	-	1,905,551
Other debtors	406,550	76,391
Prepayments and accrued income	40,110	31,409
	3,797,044	4,681,545

SABICHI HOMEWARES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2019

17 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Bank loans	19	1,954,498	1,242,399
Trade creditors		527,432	567,521
Amounts owed to group undertakings		21,063	21,061
Corporation tax		77,346	36,183
Other taxation and social security		144,688	37,655
Other creditors		12	6,603
Accruals and deferred income		172,392	91,897
		<u>2,897,431</u>	<u>2,003,319</u>

18 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	19	1,512,660	-
		<u>1,512,660</u>	<u>-</u>

19 Loans and overdrafts

	2019 £	2018 £
Bank loans	3,467,158	1,242,399
	<u>3,467,158</u>	<u>1,242,399</u>
Payable within one year	1,954,498	1,242,399
Payable after one year	1,512,660	-
	<u>1,512,660</u>	<u>-</u>

The loans are secured by way of a fixed and floating charge over the assets of the company.

20 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	21	98,734	17,700
		<u>98,734</u>	<u>17,700</u>

SABICHI HOMEWARES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2019

21 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 2019 £	Liabilities 2018 £
Balances:		
Accelerated capital allowances	17,454	17,700
Revaluations	81,280	-
	<u>98,734</u>	<u>17,700</u>
Movements in the year:		2019 £
Liability at 1 November 2018		17,700
Credit to profit or loss		(246)
Revaluation of property transferred to company		81,280
Liability at 31 October 2019		<u>98,734</u>

22 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	46,414	31,197
	<u>46,414</u>	<u>31,197</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.

23 Share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
25,000 ordinary shares of £1 each	25,000	25,000
	<u>25,000</u>	<u>25,000</u>

SABICHI HOMEWARES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2019

24 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:

	2019 £	2018 £
Within one year	2,544	178,823
Between two and five years	887	3,431
	<u>3,431</u>	<u>182,254</u>

25 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Licence charges		Management charges	
	2019 £	2018 £	2019 £	2018 £
Sabichi Business Centre Ltd	<u>175,065</u>	<u>175,065</u>	<u>125,000</u>	<u>125,000</u>

The following amounts were outstanding at the reporting end date:

	2019 £	2018 £
Amounts due from related parties		
Sabichi Business Centre Ltd	<u>392,397</u>	<u>1,905,551</u>

26 Ultimate controlling party

The parent company of Sabichi Homewares Ltd during the financial year was Bagga Holdings Ltd which is incorporated in England and Wales.

SABICHI HOMEWARES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2019

27 Cash generated from operations

	2019 £	2018 £
Profit for the year after tax	318,724	245,384
Adjustments for:		
Taxation charged	75,503	55,180
Finance costs	23,273	-
Amortisation and impairment of intangible assets	26,668	26,250
Depreciation and impairment of tangible fixed assets	40,131	19,486
Movements in working capital:		
(Increase) in stocks	(129,022)	(196,732)
Decrease/(increase) in debtors	334,501	(379,175)
Increase in creditors	140,850	55,914
Cash generated from/(absorbed by) operations	830,628	(173,693)