

Company Registration No. 02947642 (England and Wales)

**SABICHI HOMEWARES LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2018**

THURSDAY



\*A8ØPG5E8\*

A13

07/03/2019

#211

COMPANIES HOUSE

# **SABICHI HOMEWARES LTD**

## **COMPANY INFORMATION**

---

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

---

# SABICHI HOMEWARES LTD

## CONTENTS

---

	Page
Strategic report	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditor's report	4 - 5
Profit and loss account	6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 - 22

---

# **SABICHI HOMEWARES LTD**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 OCTOBER 2018**

---

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

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

The company's results are beginning to reflect the significant investment that it has made in new product lines and 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 importing and distributing homeware and electrical products for the retail trade.

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 developed its client base to ensure that its product range is placed with distributors and retailers who are appropriately positioned in the marketplace. This, coupled with careful cost control within the business has enabled it to generate increased profit for the year. The company continues to invest in expanding and enhancing the quality and range of its products, and anticipates further growth in the year ahead.

On behalf of the board

Mr T Bagga

**Director**

25 February 2019

# **SABICHI HOMEWARES LTD**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 OCTOBER 2018**

---

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

### **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 6.

No dividends 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**

25 February 2019

# **SABICHI HOMEWARES LTD**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2018**

---

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.

# **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 2018 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 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.

# **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.

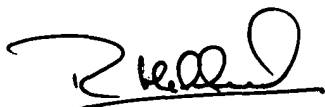
### **Auditor's responsibilities for the audit of the financial statements**

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.

### **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 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.



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

25 February 2019

**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 2018

---

	Notes	2018 £	2017 £
Turnover	3	11,700,937	12,058,230
Cost of sales		(8,853,867)	(9,527,555)
<b>Gross profit</b>		<b>2,847,070</b>	<b>2,530,675</b>
Distribution costs		(1,096,484)	(1,113,127)
Administrative expenses		(1,575,022)	(1,512,955)
Other operating income		125,000	150,000
<b>Profit before taxation</b>		<b>300,564</b>	<b>54,593</b>
Tax on profit	7	(55,180)	(9,427)
<b>Profit for the financial year</b>		<b>245,384</b>	<b>45,166</b>

---

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 2018

---

	2018 £	2017 £
Profit for the year	245,384	45,166
Other comprehensive income	-	-
Total comprehensive income for the year	<u>245,384</u>	<u>45,166</u>

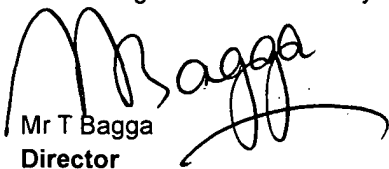
# SABICHI HOMEWARES LTD

## BALANCE SHEET

AS AT 31 OCTOBER 2018

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Intangible assets	8	218,750		245,000	
Tangible assets	9	135,814		52,052	
		<u>354,564</u>		<u>297,052</u>	
<b>Current assets</b>					
Stocks	11	3,704,938		3,508,206	
Debtors	12	4,681,545		4,302,370	
Cash at bank and in hand		115,349		298,032	
		<u>8,501,832</u>		<u>8,108,608</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(2,003,319)</u>		<u>(1,814,876)</u>	
<b>Net current assets</b>		<u>6,498,513</u>		<u>6,293,732</u>	
<b>Total assets less current liabilities</b>		<u>6,853,077</u>		<u>6,590,784</u>	
<b>Provisions for liabilities</b>	15	<u>(17,700)</u>		<u>(791)</u>	
<b>Net assets</b>		<u><u>6,835,377</u></u>		<u><u>6,589,993</u></u>	
<b>Capital and reserves</b>					
Called up share capital	18	25,000		25,000	
Profit and loss reserves		6,810,377		6,564,993	
<b>Total equity</b>		<u><u>6,835,377</u></u>		<u><u>6,589,993</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 25 February 2019 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 2018

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 November 2016	25,000	6,519,827	6,544,827
Year ended 31 October 2017:			
Profit and total comprehensive income for the year	-	45,166	45,166
Balance at 31 October 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

# SABICHI HOMEWARES LTD

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2018

	Notes	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	21		(173,693)		903,925
Income taxes paid			(10,114)		(23,522)
<b>Net cash (outflow)/inflow from operating activities</b>			(183,807)		880,403
<b>Investing activities</b>					
Purchase of tangible fixed assets		(103,248)		(1,144)	
<b>Net cash used in investing activities</b>			(103,248)		(1,144)
<b>Financing activities</b>					
Repayment of bank loans		104,372		(684,656)	
<b>Net cash generated from/(used in) financing activities</b>			104,372		(684,656)
<b>Net (decrease)/increase in cash and cash equivalents</b>			(182,683)		194,603
Cash and cash equivalents at beginning of year			298,032		103,429
<b>Cash and cash equivalents at end of year</b>			115,349		298,032

# SABICHI HOMEWARES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

---

### 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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. 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
------------	-------------

#### 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 2018

### 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:

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

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 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.

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.

#### 1.7 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.

# SABICHI HOMEWARES LTD

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

### 1 Accounting policies

(Continued)

#### 1.8 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.

#### 1.9 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.

##### **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.



# SABICHI HOMEWARES LTD

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

---

### 1 Accounting policies

(Continued)

#### **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.

#### **Derecognition of financial liabilities**

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

### 1.10 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.

### 1.11 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.

# SABICHI HOMEWARES LTD

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

---

### 1 Accounting policies

(Continued)

#### **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.

#### **1.12 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.

#### **1.13 Retirement benefits**

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

#### **1.14 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.

#### **1.15 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.

# SABICHI HOMEWARES LTD

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

### 3 Turnover and other revenue

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

	2018 £	2017 £
<b>Turnover analysed by class of business</b>		
Sales of homeware products to the retail trade	11,700,937	12,058,230
	2018 £	2017 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	10,159,699	10,585,950
European Union	1,299,826	1,249,305
Rest of the World	241,412	222,975
	11,700,937	12,058,230

### 4 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging:		
Exchange losses	86,233	94,770
Fees payable to the company's auditor for the audit of the company's financial statements	17,000	17,000
Depreciation of owned tangible fixed assets	19,486	17,653
Amortisation of intangible assets	26,250	17,500
Cost of stocks recognised as an expense	7,986,549	8,491,098
Operating lease charges	120,000	120,000

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 £86,233 (2017 - £94,770).

### 5 Employees

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

	2018 Number	2017 Number
Office and management	21	21
Warehouse and production	19	20
	40	41

# SABICHI HOMEWARES LTD

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

### 5 Employees

(Continued)

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	1,298,199	1,273,462
Social security costs	120,142	112,661
Pension costs	31,197	43,266
	<u>1,449,538</u>	<u>1,429,389</u>

### 6 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	279,053	279,799
Company pension contributions to defined contribution schemes	21,117	32,030
	<u>300,170</u>	<u>311,829</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2017 - 2).

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

	2018 £	2017 £
Remuneration for qualifying services	111,175	115,353
Company pension contributions to defined contribution schemes	1,168	12,830
	<u>112,343</u>	<u>128,183</u>

### 7 Taxation

	2018 £	2017 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	38,271	6,367
	<u>38,271</u>	<u>6,367</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	16,909	3,060
	<u>16,909</u>	<u>3,060</u>
<b>Total tax charge</b>	<u>55,180</u>	<u>9,427</u>

# SABICHI HOMEWARES LTD

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

(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:

	2018 £	2017 £
Profit before taxation	<u>300,564</u>	<u>54,593</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%)	57,107	10,373
Tax effect of expenses that are not deductible in determining taxable profit	2,498	2,666
Group relief	(4,425)	(7,176)
Permanent capital allowances in excess of depreciation	(16,910)	1,992
Under/(over) provided in prior years	-	(1,658)
Deferred tax	16,910	3,060
Adjustments for effective rate of tax	-	170
Taxation charge for the year	<u>55,180</u>	<u>9,427</u>

### 8 Intangible fixed assets

	Trade mark £
<b>Cost</b>	
At 1 November 2017 and 31 October 2018	<u>262,500</u>
<b>Amortisation and impairment</b>	
At 1 November 2017	17,500
Amortisation charged for the year	<u>26,250</u>
At 31 October 2018	<u>43,750</u>
<b>Carrying amount</b>	
At 31 October 2018	<u>218,750</u>
At 31 October 2017	<u>245,000</u>

# SABICHI HOMEWARES LTD

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

### 9 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Website	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 November 2017	48,480	142,680	30,695	108,587	330,442
Additions	-	4,700	-	98,548	103,248
At 31 October 2018	48,480	147,380	30,695	207,135	433,690
<b>Depreciation and impairment</b>					
At 1 November 2017	44,427	107,124	18,252	108,587	278,390
Depreciation charged in the year	1,948	7,852	7,674	2,012	19,486
At 31 October 2018	46,375	114,976	25,926	110,599	297,876
<b>Carrying amount</b>					
At 31 October 2018	2,105	32,404	4,769	96,536	135,814
At 31 October 2017	4,053	35,556	12,443	-	52,052

### 10 Financial instruments

	2018 £	2017 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	4,587,898	4,267,197
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	1,929,481	1,755,405

### 11 Stocks

	2018 £	2017 £
Finished goods and goods for resale	3,704,938	3,508,206

### 12 Debtors

	2018 £	2017 £
<b>Amounts falling due within one year:</b>		
Trade debtors	2,668,194	2,189,408
Amounts owed by group undertakings	1,905,551	1,953,165
Other debtors	76,391	124,624
Prepayments and accrued income	31,409	35,173
	4,681,545	4,302,370

# SABICHI HOMEWARES LTD

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

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

	Notes	2018 £	2017 £
Bank loans and overdrafts	14	1,242,399	1,138,027
Trade creditors		567,521	513,581
Amounts owed to group undertakings		21,061	23,561
Corporation tax		36,183	8,026
Other taxation and social security		37,655	51,445
Other creditors		6,603	964
Accruals and deferred income		91,897	79,272
		<u>2,003,319</u>	<u>1,814,876</u>

### 14 Loans and overdrafts

	2018 £	2017 £
Bank loans	<u>1,242,399</u>	<u>1,138,027</u>
Payable within one year	<u>1,242,399</u>	<u>1,138,027</u>

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

### 15 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	16	<u>17,700</u>	<u>791</u>

### 16 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 £
<b>Balances:</b>		
Accelerated capital allowances	<u>17,700</u>	<u>791</u>

# SABICHI HOMEWARES LTD

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

### 16 Deferred taxation (Continued)

	2018 £
<b>Movements in the year:</b>	
Liability at 1 November 2017	791
Charge to profit or loss	16,909
Liability at 31 October 2018	<u>17,700</u>

### 17 Retirement benefit schemes

	2018 £	2017 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>31,197</u>	<u>43,266</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.

### 18 Share capital

	2018 £	2017 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
25,000 ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>
	<u>25,000</u>	<u>25,000</u>

### 19 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	178,823	180,712
Between two and five years	3,431	182,254
	<u>182,254</u>	<u>362,966</u>

### 20 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 2018

---

### 21 Cash generated from operations

	2018 £	2017 £
Profit for the year after tax	245,384	45,166
<b>Adjustments for:</b>		
Taxation charged	55,180	9,427
Amortisation and impairment of intangible assets	26,250	17,500
Depreciation and impairment of tangible fixed assets	19,486	17,653
<b>Movements in working capital:</b>		
(Increase) in stocks	(196,732)	(324,987)
(Increase)/decrease in debtors	(379,175)	1,273,005
Increase/(decrease) in creditors	55,914	(133,839)
<b>Cash (absorbed by)/generated from operations</b>	<b>(173,693)</b>	<b>903,925</b>