Registered number: 02076721

# VIVA ENTERPRISES LTD

## ANNUAL REPORT AND FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2017

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## VIVA ENTERPRISES LTD

## COMPANY INFORMATION

| | |
|---|---|
| **Directors** | R Dangoor<br>N Dangoor |
| **Company secretary** | N Dangoor |
| **Registered number** | 02076721 |
| **Registered office** | 245-247 Cricklewood Broadway<br>London<br>NW2 6NY |
| **Independent auditor** | Hillier Hopkins LLP<br>Chartered Accountants & Statutory Auditor<br>Radius House<br>51 Clarendon Road<br>Watford<br>Herts<br>WD17 1HP |
| **Bankers** | Barclays<br>75 King Street<br>Hammersmith<br>London<br>W6 9HY |

VIVA ENTERPRISES LTD

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## STRATEGIC REPORT
## FOR THE YEAR ENDED 31 MARCH 2017

### Introduction

The directors present their strategic report for the year ended 31 March 2017.

### Business review

The company acquired Elite Electrical & Lighting Distributors Limited on 31 March 2016. On 1 April 2017 the trade, assets and liabilities of Elite Electrical & Lighting Distributors Limited were transferred into Viva Enterprises Limited.

The company has improved its turnover to £14,907,389 as compared to £12,951,580 (2016). However costs iincreased by a larger proportion and this resulted in an decrease profit before tax to £3,542,076 as compared to £3,620,549 (2016).

As a result of the acquisition and the profit for the year, the company improved its net asset position to £17,621,828 from £15,063,989 (2016).

The company continues to explore opportunities for growth in terms of organic development and the company is well placed to take advantage of all opportunities that may arise.

### Principal risks and uncertainties

Like all companies carrying out similar activities, the company is subject to strong completition from large companies in the same trade and this may affect the gross margin achieved from its sales. As a result, the company has established good relationship with its suppliers in the Far East to purchase goods at lower prices to enable to complete with its large competitors.

As a result of increasing its purchases from the Far East, the company is exposed to the risk of currency fluctuation as most of its goods are priced in US dollars. The directors are aware of this risk but are confident that the company has sufficient cash flow to finance its purchases.

### Financial key performance indicators

As noted above, the company's turnover has increased in the year under review and profit before tax has remained healthy.

The profit achieved by the company is well above the average for companies carrying out similar activities.

This report was approved by the board and signed on its behalf.

**R Dangoor**
Director

Date: 12-09-17

## DIRECTORS' REPORT
## FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

### Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

### Principal activity

The company's principal activity during the year continued to be that of electrical and lighting retailers and wholesalers.

### Results and dividends

The profit for the year, after taxation, amounted to £2,602,537 *(2016 - £2,919,238)*.

During the year the company paid dividends of £100,000 (2016: £1,000,000).

### Directors

The directors who served during the year were:

R Dangoor
N Dangoor

### Future developments

The company continues to explore opportunities for growth in terms of organic development and the company is well placed to take advantage of all opportunities that may arise.

## DIRECTORS' REPORT (CONTINUED)
## FOR THE YEAR ENDED 31 MARCH 2017

***Disclosure of information to auditor***

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Auditor**

The auditor, Hillier Hopkins LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

*This report was approved by the board and signed on its behalf.*

**R Dangoor**
Director

Date: 12-09-17

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VIVA ENTERPRISES LTD

We have audited the financial statements of Viva Enterprises Ltd for the year ended 31 March 2017, set out on pages 6 to 25. The relevant financial reporting framework that has been applied in their preparation is applicable law
and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

### Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 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.

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VIVA ENTERPRISES LTD (CONTINUED)

### Opinion on other matter 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 Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our 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.

### Matters on which we are required to report by exception

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.

Richard Malone (Senior statutory auditor)

for and on behalf of
**Hillier Hopkins LLP**

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Herts
WD17 1HP
Date: 13/9/17

## STATEMENT OF COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 31 MARCH 2017

| | Note | 2017 £ | *2016 £* |
|---|---|---|---|
| Turnover | 4 | **14,907,389** | *12,951,580* |
| Cost of sales | | **(8,070,969)** | *(6,689,490)* |
| **Gross profit** | | **6,836,420** | *6,262,090* |
| Administrative expenses | | **(3,300,323)** | *(2,821,074)* |
| Exceptional other operating charges | | **(2,930,855)** | *(325,098)* |
| **Operating profit** | 5 | **605,242** | *3,115,918* |
| Income from shares in group undertakings | | **2,930,856** | *485,000* |
| Interest receivable and similar income | 9 | **5,972** | *20,457* |
| Interest payable and expenses | 10 | **-** | *(826)* |
| **Profit before tax** | | **3,542,070** | *3,620,549* |
| Tax on profit | 11 | **(939,533)** | *(701,311)* |
| **Profit for the financial year** | | **2,602,537** | *2,919,238* |

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 11 to 25 form part of these financial statements.

VIVA ENTERPRISES LTD
REGISTERED NUMBER: 02076721

## BALANCE SHEET
## AS AT 31 MARCH 2017

| | Note | | 2017 £ | | *2016 £* |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | 14 | | **4,720,624** | | *2,436,479* |
| Investments | 15 | | **150** | | *50* |
| | | | **4,720,774** | | *2,436,529* |
| **Current assets** | | | | | |
| Stocks | 16 | **3,287,682** | | *2,623,874* | |
| Debtors: amounts falling due within one year | 17 | **6,800,118** | | *7,712,664* | |
| Cash at bank and in hand | 18 | **5,062,132** | | *4,611,711* | |
| | | **15,149,932** | | *14,948,249* | |
| Creditors: amounts falling due within one year | 19 | **(1,979,376)** | | *(2,229,696)* | |
| **Net current assets** | | | **13,170,556** | | *12,718,553* |
| **Total assets less current liabilities** | | | **17,891,330** | | *15,155,082* |
| **Provisions for liabilities** | | | | | |
| Deferred tax | 21 | **(269,502)** | | *(35,791)* | |
| | | | **(269,502)** | | *(35,791)* |
| **Net assets** | | | **17,621,828** | | *15,119,291* |
| **Capital and reserves** | | | | | |
| Called up share capital | 22 | | **1,000** | | *1,000* |
| Share premium account | 23 | | **54,302** | | *54,302* |
| Profit and loss account | 23 | | **17,566,526** | | *15,063,989* |
| | | | **17,621,828** | | *15,119,291* |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

**R Dangoor**
Director

Date: 12-9-17

**N Dangoor**
Director

Date:

The notes on pages 11 to 25 form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 MARCH 2017

| | Called up share capital | Share premium account | Profit and loss account | Total equity |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **At 1 April 2015** | **1,000** | **54,302** | **13,144,751** | **13,200,053** |
| **Comprehensive income for the year** | | | | |
| Profit for the year | - | - | **2,919,238** | **2,919,238** |
| **Total comprehensive income for the year** | - | - | **2,919,238** | **2,919,238** |
| Dividends: Equity capital | - | - | **(1,000,000)** | **(1,000,000)** |
| **Total transactions with owners** | - | - | **(1,000,000)** | **(1,000,000)** |
| **At 1 April 2016** | **1,000** | **54,302** | **15,063,989** | **15,119,291** |
| **Comprehensive income for the year** | | | | |
| Profit for the year | - | - | **2,602,537** | **2,602,537** |
| **Total comprehensive income for the year** | - | - | **2,602,537** | **2,602,537** |
| Dividends: Equity capital | - | - | **(100,000)** | **(100,000)** |
| **Total transactions with owners** | - | - | **(100,000)** | **(100,000)** |
| **At 31 March 2017** | **1,000** | **54,302** | **17,566,526** | **17,621,828** |

## STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 31 MARCH 2017

| | 2017<br>£ | 2016<br>£ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit for the financial year | **2,602,537** | *2,919,238* |
| **Adjustments for:** | | |
| Depreciation of tangible assets | **111,327** | *86,097* |
| Loss on disposal of tangible assets | **(2,950)** | *(3,299)* |
| Interest paid | **-** | *826* |
| Interest received | **(5,972)** | *(20,457)* |
| Taxation charge | **939,533** | *701,311* |
| (Increase) in stocks | **(283,512)** | *(551,832)* |
| Decrease/(increase) in debtors | **1,216,720** | *(3,936,235)* |
| (Decrease)/increase in creditors | **(633,857)** | *215,096* |
| Increase in amounts owed to groups | **100** | - |
| Corporation tax (paid) | **(751,519)** | *(744,012)* |
| Impairments and loans forgiven | **2,930,856** | *325,098* |
| Dividends received | **-** | *(485,000)* |
| Dividends in specie | **(2,930,856)** | - |
| **Net cash generated from operating activities** | **3,192,407** | *(1,493,169)* |
| **Cash flows from investing activities** | | |
| Purchase of tangible fixed assets | **(63,194)** | *(40,617)* |
| Sale of tangible fixed assets | **3,308** | *17,735* |
| Acquisition of subsidiary | **(2,766,932)** | - |
| Interest received | **5,972** | *20,457* |
| Dividends received | **-** | *485,000* |
| Cash on acquisition | **178,860** | - |
| **Net cash from investing activities** | **(2,641,986)** | *482,575* |
| **Cash flows from financing activities** | | |
| Dividends paid | **(100,000)** | *(1,000,000)* |
| Interest paid | **-** | *(826)* |
| **Net cash used in financing activities** | **(100,000)** | *(1,000,826)* |
| **Net increase/(decrease) in cash and cash equivalents** | **450,421** | *(2,011,420)* |
| Cash and cash equivalents at beginning of year | **4,611,711** | *6,623,131* |
| **Cash and cash equivalents at the end of year** | **5,062,132** | *4,611,711* |
| ***Cash and cash equivalents at the end of year comprise:*** | | |

## STATEMENT OF CASH FLOWS (CONTINUED)
## FOR THE YEAR ENDED 31 MARCH 2017

| | 2017<br>£ | *2016*<br>*£* |
|---|---|---|
| Cash at bank and in hand | **5,062,132** | *4,611,711* |
| | **5,062,132** | *4,611,711* |

The notes on pages 11 to 25 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

## 1. General information

Viva Enterprises Limited is a private limited company incorporated in the UK. The company's principal place of business is the same as its registered office as disclosed on the company information page.

The principal activity of the company is that of an electrical and lighting retailer and wholesaler.

## 2. Accounting policies

### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Group accounts have not been prepared as the company's subsidiary is permitted to be excluded from group accounts by virtue of sections 402 and 405 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

### 2.2 Revenue

Turnover represents amounts receivable for goods net of VAT and trade discounts. Turnover is recognised upon delivery of the goods sold.

### 2.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as follows:.

Depreciation is provided on the following basis:

| | | | |
|---|---|---|---|
| Freehold property | - | 2% | straight line |
| Leasehold property | - | | over the lease term |
| Motor vehicles | - | 25% | reducing balance |
| Fixtures and fittings | - | 15% | reducing balance |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

## 2. Accounting policies (continued)

### 2.4 Investments

Fixed asset investments are stated at cost less accumulated impairment.

### 2.5 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

### 2.6 Debtors

Short term debtors are measured at transaction price, less any impairment.

### 2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

### 2.8 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from related parties and investments in ordinary shares.

### 2.9 Creditors

Short term creditors are measured at the transaction price.

### 2.10 Foreign currency translation

***Functional and presentation currency***

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

### 2.11 Dividends

Equity dividends are recognised when they become legally payable.

### 2.12 Operating leases

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

## 2. Accounting policies (continued)

### 2.13 Pensions

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

### 2.14 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

### 2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

## 2. Accounting policies (continued)

### 2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

### 2.17 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

## 3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on the amounts recognised in the financial statements:

**Trade receivables**: The recoverability of trade receivables has been assessed as at the year end and up until the date of signing these financial statements. Management have based their decision to provide for any amounts based on their judgement of all the available information, and their experience of the specific nature of trade receivables in question.

**Stock**: Stock is included as per the accounting policy set out above. Management have assessed the need to write off or provide against any specific items based on the levels held at year end, and the expected sales of such items in the immediate period post year end.

## 4. Turnover

The whole of the turnover is attributable to its pricipal business activity.

Analysis of turnover by country of destination:

| | 2017<br>£ | *2016*<br>*£* |
|---|---|---|
| United Kingdom | **14,385,100** | *12,464,801* |
| Africa | **522,289** | *486,779* |
| | **14,907,389** | *12,951,580* |

## 5. Operating profit

The operating profit is stated after charging:

| | 2017<br>£ | *2016*<br>*£* |
|---|---|---|
| Depreciation of tangible fixed assets | **111,327** | *86,097* |
| Fees payable to the Company's auditor for the audit of the Company's annual financial statements | **18,000** | *18,000* |
| Other operating lease rentals | **237,619** | *222,500* |
| Defined contribution pension cost | **61,564** | *13,539* |

## 6. Auditor's remuneration

| | 2017<br>£ | *2016*<br>*£* |
|---|---|---|
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | **18,000** | *18,000* |

## 7. Employees

Staff costs, including directors' remuneration, were as follows:

| | 2017 | *2016* |
|---|---|---|
| | £ | *£* |
| Wages and salaries | **1,829,509** | *1,543,059* |
| Social security costs | **186,012** | *151,244* |
| Cost of defined contribution scheme | **61,564** | *13,539* |
| | **2,077,085** | *1,707,842* |

The average monthly number of employees, including the directors, during the year was as follows:

| | 2017 | *2016* |
|---|---|---|
| | No. | *No.* |
| Administration | **24** | *26* |
| Sales | **42** | *42* |
| | **66** | *68* |

## 8. Directors' remuneration

| | 2017 | *2016* |
|---|---|---|
| | £ | *£* |
| Directors' emoluments | **97,270** | *85,520* |
| Company contributions to defined contribution pension schemes | **50,000** | *-* |
| | **147,270** | *85,520* |

During the year retirement benefits were accruing to 2 directors *(2016 - 2)* in respect of defined contribution pension schemes.

## 9. Interest receivable

| | 2017 | *2016* |
|---|---|---|
| | £ | *£* |
| Other interest receivable | **5,972** | *20,457* |

## 10. Interest payable and similar charges

| | 2017<br>£ | *2016*<br>*£* |
|---|---|---|
| Bank interest payable | - | *826* |

## 11. Taxation

| | 2017<br>£ | *2016*<br>*£* |
|---|---|---|
| **Corporation tax** | | |
| Current tax on profits for the year | **725,084** | *701,519* |
| | **725,084** | *701,519* |
| **Total current tax** | **725,084** | *701,519* |
| **Deferred tax** | | |
| Origination and reversal of timing differences | **214,449** | *(208)* |
| **Total deferred tax** | **214,449** | *(208)* |
| **Taxation on profit on ordinary activities** | **939,533** | *701,311* |

## 11. Taxation (continued)

### Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2016 - lower than)* the standard rate of corporation tax in the UK of 20% *(2016 - 20%)*. The differences are explained below:

| | 2017<br>£ | *2016*<br>*£* |
|---|---|---|
| Profit on ordinary activities before tax | **3,542,070** | *3,620,549* |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%) | **708,414** | *724,110* |
| **Effects of:** | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | **10,384** | *9,181* |
| Provision for impairment not deductible for tax purposes | **586,171** | *65,020* |
| Income from investments not taxable | **(586,171)** | *(97,000)* |
| Deferred taxation on property transferred from subsidiary | **207,953** | - |
| Relief claimed | **12,782** | - |
| **Total tax charge for the year** | **939,533** | *701,311* |

### Factors that may affect future tax charges

On 8 July 2015 the Chancellor of the Exchequer announced a reduction in the main rate of UK corporation tax to 19 per cent with effect from 1 April 2017 and 18 per cent with effect from 1 April 2020. These changes were substantively enacted on 26 October 2015.

## 12. Dividends

| | 2017<br>£ | *2016*<br>*£* |
|---|---|---|
| Dividends | **100,000** | *1,000,000* |

## 13. Exceptional items

| | 2017<br>£ | *2016*<br>*£* |
|---|---|---|
| Impairment of investments | **2,766,832** | *325,098* |
| Intercompany loan forgiven | **164,023** | - |
| | **2,930,855** | *325,098* |

## 14. Tangible fixed assets

| | Freehold property<br>£ | Long-term leasehold property<br>£ | Short-term leasehold property<br>£ | Fixtures, fittings, equipment, plant and machinery & motor vehicle<br>£ | Total<br>£ |
|---|---|---|---|---|---|
| **Cost or valuation** | | | | | |
| At 1 April 2016 | **2,303,836** | **-** | **424,420** | **1,037,563** | **3,765,819** |
| Additions | **-** | **-** | **-** | **63,194** | **63,194** |
| Transfers intra group | **2,000,000** | **234,769** | **-** | **97,867** | **2,332,636** |
| Disposals | **-** | **-** | **-** | **(60,073)** | **(60,073)** |
| At 31 March 2017 | **4,303,836** | **234,769** | **424,420** | **1,138,551** | **6,101,576** |
| **Depreciation** | | | | | |
| At 1 April 2016 | **168,260** | **-** | **415,190** | **745,890** | **1,329,340** |
| Charge for the year on owned assets | **34,077** | **2,348** | **3,075** | **71,827** | **111,327** |
| Disposals | **-** | **-** | **-** | **(59,715)** | **(59,715)** |
| At 31 March 2017 | **202,337** | **2,348** | **418,265** | **758,002** | **1,380,952** |
| **Net book value** | | | | | |
| At 31 March 2017 | **4,101,499** | **232,421** | **6,155** | **380,549** | **4,720,624** |
| *At 31 March 2016* | *2,135,576* | *-* | *9,230* | *291,673* | *2,436,479* |

## 14. Tangible fixed assets (continued)

Included in freehold property is a building that was transferred from its subsidiary at a directors valuation of £2,000,000 on 1st April 2016. This was the agreed price between the seller of the subsidiary and the directors of Viva Enterprises Limited in respect of the property. The directors believe this value still represents the market value of the property at year end.

The original cost of the property was £253,606 on 11 December 1996 with additions of £504,008 giving a total cost of £757,614. The gain on transfer of the property as recognised in Elite Electrical & Lighting Distributors Limited's financial statements totalled £1,372,402.

Deferred tax is provided on the potential gain less indexation allowance.

## 15. Fixed asset investments

| | Investments in subsidiary companies £ | Unlisted investments £ | Total £ |
|---|---|---|---|
| **Cost or valuation** | | | |
| At 1 April 2016 | - | 325,148 | 325,148 |
| Additions | 2,766,932 | - | 2,766,932 |
| At 31 March 2017 | 2,766,932 | 325,148 | 3,092,080 |
| **Impairment** | | | |
| At 1 April 2016 | - | 325,098 | 325,098 |
| Charge for the period | 2,766,832 | - | 2,766,832 |
| At 31 March 2017 | 2,766,832 | 325,098 | 3,091,930 |
| **Net book value** | | | |
| At 31 March 2017 | 100 | 50 | 150 |
| *At 31 March 2016* | - | *50* | *50* |

**15. Fixed asset investments (continued)**

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

| Name | Class of shares | Holding | Principal activity |
|---|---|---|---|
| Elite Electrial & Lighting Distributors Limited | Ordinary | 100 % | The company is dormant. Following acquisition on 1st April 2016, all trade, assets and liabilities were transferred into Viva Enterprises Limited on 1st April 2016. |

The aggregate of the share capital and reserves as at 31 March 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

| | Aggregate of share capital and reserves £ | Profit/(loss) £ |
|---|---|---|
| Elite Electrial & Lighting Distributors Limited | 100 | 1,534,724 |
| | 100 | 1,534,724 |

Elite Electrical & Lighting Distributors Limited was non-trading to the period ended 31st March 2017, having been acquired on 1st April 2016 by Viva Enterprises Limited and its trade, assets and liabilities being transferred to Viva Enterprises Limited on 1st April 2016. The profit/ (loss) of £1,534,724 represents the profit on disposal of its assets and liabilities to Viva Enterprises Limited, this would be eliminated on consolidation. The remaining balances on the balance sheet relate to an intercompany debtor of £100 and share capital of £100, as such these have not been consolidated in these financial statements on the grounds of materiality in accordance with sections 402 and 405 of the Companies Act 2006.

## 16. Stocks

| | 2017 £ | *2016 £* |
|---|---|---|
| Goods for resale | **3,287,682** | *2,623,874* |

## 17. Debtors

| | 2017 £ | *2016 £* |
|---|---|---|
| Trade debtors | **1,621,396** | *932,762* |
| Other debtors | **4,887,442** | *6,488,334* |
| Prepayments and accrued income | **291,280** | *291,568* |
| | **6,800,118** | *7,712,664* |

Other debtors include a loan of £60,741 (2016: £72,468) to a third party, which is secured over a freehold property and carried interest at the rate of 5% per annum.

## 18. Cash and cash equivalents

| | 2017 £ | *2016 £* |
|---|---|---|
| Cash at bank and in hand | **5,062,132** | *4,611,711* |

## 19. Creditors: Amounts falling due within one year

| | 2017 £ | *2016 £* |
|---|---|---|
| Trade creditors | **828,370** | *824,888* |
| Amounts owed to group undertakings | **100** | - |
| Corporation tax | **325,084** | *351,519* |
| Other taxation and social security | **349,986** | *326,051* |
| Other creditors | **388,919** | *629,909* |
| Accruals and deferred income | **86,917** | *97,329* |
| | **1,979,376** | *2,229,696* |

## 20. Financial instruments

| | 2017<br>£ | *2016*<br>*£* |
|---|---|---|
| **Financial assets** | | |
| Financial assets measured at fair value through profit or loss | **5,062,182** | *4,611,761* |
| Financial assets that are debt instruments measured at amortised cost | **6,508,837** | *7,421,095* |
| | **11,571,019** | *12,032,856* |
| **Financial liabilities** | | |
| Financial liabilities measured at amortised cost | **(1,186,264)** | *(922,217)* |
| | **(1,186,264)** | *(922,217)* |

Financial assets measured at fair value through profit or loss comprise of cash and cash at bank.

Financial assets that are debt instruments measured at amortised cost comprise of trade and other debtors.

Financial liabilities measured at amortised cost comprise of trade creditors and accruals.

## 21. Deferred taxation

| | 2017<br>£ |
|---|---|
| At beginning of year | **(35,791)** |
| Charged to profit or loss | **(233,711)** |
| **At end of year** | **(269,502)** |

The provision for deferred taxation is made up as follows:

| | 2017<br>£ |
|---|---|
| Accelerated capital allowances | **(61,549)** |
| Difference in tax carrying value and net book value of property transferred from subsidiary | **(207,953)** |
| | **(269,502)** |

## 22. Share capital

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| **Shares classified as equity** | | |
| **Allotted, called up and fully paid** | | |
| 1,000 Ordinary shares of £1 each | **1,000** | *1,000* |

## 23. Reserves

### Share premium account

Share premium reserve includes the amount above the nominal value received for shares sold, less transaction costs.

### Profit and loss account

Profit and loss reserve includes the current year and prior year reserves.

## 24. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs charge represents contributions payable by the company to the fund and amounted to £61,564 (2016 - £13,539). Contributions totalling £1,911 (2016 - £1,616) were payable to the fund at the balance sheet date and are included in creditors.

## 25. Commitments under operating leases

At 31 March 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Not later than 1 year | **172,500** | *142,500* |
| Later than 1 year and not later than 5 years | **581,250** | *538,750* |
| Later than 5 years | **500,000** | *480,000* |
| | **1,253,750** | *1,161,250* |

## 26. Related party transactions

Included in creditors is an amount of £118,042 owed to R Dangoor and N Dangoor, the directors of the company, arrived at as follows:

| | £ |
|---|---|
| Balance as at 1 April 2016 | 982,893 |
| Withdrawn during the year | 611,867 |
| Dividend | (100,000) |
| Repaid during the year | (1,612,802) |
| Balance as at 31 March 2017 | (118,042) |

The above loan was interest free and repayable on demand. The amount outstanding at the start of the year has been repaid during the year.

| | 2017<br>£ | *2016*<br>*£* |
|---|---|---|
| Sale to entities over which the entity has significant influence. | **25,523** | *8,908* |
| Balance owed by entities over which the entity has significant influence over the entity | **20,036** | *1,022* |
| Loan to entities over which the entity has signficant influence | **4,801,200** | *4,801,200* |
| Rent paid to other related parties | **160,000** | *160,000* |
| Remuneration paid to close relative of key management personnel | **78,750** | *19,306* |
| Key management personnel remuneration | **147,270** | *85,520* |
| | **5,232,779** | *5,075,956* |

The above loan to entities over which the entity has control and significant influence are interest free and repayable on demand.

## 27. Controlling party

The company was under the control of the directors throughout the current and previous year.