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Registered number: 02576310

CANEI INTERNATIONAL LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2016

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CANEI INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors

R L Bhardwaj
B K Bhardwaj
K K Bhardwaj

Company secretary

B K Bhardwaj

Registered number

02576310

Registered office

4Brothers House
90-100 Wilsthorpe Road
Long Eaton
Nottinghamshire
NG10 3LE

Independent auditors

PKF Cooper Parry Group Limited
Chartered Accountants & Statutory Auditor
Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

CANEI INTERNATIONAL LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditors' report	5 - 6
Profit and loss account	7
Balance sheet	8
Statement of cash flows	9
Notes to the financial statements	10 - 23

CANEI INTERNATIONAL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2016

Introduction

The principal activities of the company are that of car sales and servicing and storage rental.

Business review

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

Throughout the 2016 financial year, we have again demonstrated business reliance and an ability to manage external pressures. The result is, that in spite of the external headwinds of challenging trading conditions, we have been able to make further progress, with both cash and borrowing facilities continuing to be available for investment opportunities.

At the same time, we have maintained a high standard of customer service excellence, which acts as a strong driver for customer base growth and plays an important part in reinforcing our reputation and maintaining our competitive advantage.

The board are satisfied with the trading performance during the year, achieving strong revenues and profits.

Also, the board are confident that the company remains well placed delivering a consistently reliable performance which will enable it to build on its investment for long term growth. The strategy put in place some years ago to enhance internal training procedures and the dedication of employees is delivering results.

Principal risks and uncertainties

Financial risks are considered low because of strong profitability, cash generative base, and because the company are able to insure against material financial risks.

Liquidity risk is mitigated due to the company's strong cash flow, and good earnings visibility ensures that its margins are sufficient to exceed operating costs. Current borrowing levels and financial covenants can be supported comfortably. Facilities are in place until 2018.

In the view of the directors the company has no material uncertainties as it is a well-established local business.

Analysis of development and performance

Sales activity continues to be buoyant and this should continue, with new customers continually attracted to the brand.

The company continues to offer a quality, customer-driven service across the whole business, helping to retain existing customers and to attract new ones.

Analysis using financial key performance indicators

The financial key performance indicators are revenue from products and services, earnings before interest, tax, depreciation and amortisation, operating profit, profit before tax and operating cash flows.

Revenues from products and services increased by 26.5% to £18.3m and operating profits increased by 23.2% to £1.4m. Profit before tax increased by 26.3% to £1.3m.

CANEI INTERNATIONAL LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2016**

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

R. L. Bhardwaj

R L Bhardwaj
Director

Date: *5.7.17*

CANEI INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2016

The directors present their report and the financial statements for the year ended 31 October 2016.

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 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.

Results and dividends

The profit for the year, after taxation, amounted to £1,050,518 (2015 : £820,987).

During the year dividends of £182,500 (2015: £21,250) were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who served during the year were:

R L Bhardwaj
B K Bhardwaj
K K Bhardwaj

Future developments

The company is aiming to increase sales whilst maintaining higher margins, with internet sales and diversification into specialist areas being a major factor in the growth process.

CANEI INTERNATIONAL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2016**

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

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

R. L. Bhardwaj

R L Bhardwaj
Director

Date: 5.7.17

CANEI INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANEI INTERNATIONAL LIMITED

We have audited the financial statements of Canei International Limited for the year ended 31 October 2016, set out on pages 7 to 23. The financial reporting framework that has been applied in their preparation is 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'.

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 auditors' 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 auditors

As explained more fully in the directors' responsibilities statement on page 3, 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 Auditing Practices Board'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 October 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

In the light of our knowledge and understanding of the company and the environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

CANEI INTERNATIONAL LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANEI INTERNATIONAL LIMITED
(CONTINUED)**

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.



Andrew Timms (Senior statutory auditor)

for and on behalf of
PKF Cooper Parry Group Limited

Chartered Accountants
Statutory Auditor

Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Date: 6. 7. 2018

CANEI INTERNATIONAL LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 2016**

	Note	2016 £	2015 £
Turnover	3	18,328,031	14,490,718
Cost of sales		(14,457,084)	(11,190,056)
Gross profit		<u>3,870,947</u>	<u>3,300,662</u>
Administrative expenses		(2,451,953)	(2,148,970)
Operating profit	4	1,418,994	1,151,692
Interest payable and expenses	6	(106,641)	(112,678)
Profit on ordinary activities before tax		<u>1,312,353</u>	<u>1,039,014</u>
Tax on profit on ordinary activities	7	(261,835)	(218,027)
Profit for the financial year		<u><u>1,050,518</u></u>	<u><u>820,987</u></u>
 Retained earnings at the beginning of the year		 5,696,432	 4,896,695
Profit for the financial year		1,050,518	820,987
Dividends declared and paid		(182,500)	(21,250)
Retained earnings at the end of the year		<u><u>6,564,450</u></u>	<u><u>5,696,432</u></u>

The notes on pages 10 to 23 form part of these financial statements.

CANEI INTERNATIONAL LIMITED
REGISTERED NUMBER: 02576310

BALANCE SHEET
AS AT 31 OCTOBER 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	9	8,333	18,333
Tangible assets	10	1,233,792	1,293,504
Investment property	11	1,420,000	1,420,000
		<u>2,662,125</u>	<u>2,731,837</u>
Current assets			
Stocks	12	4,244,262	4,042,296
Debtors	13	3,913,282	3,235,233
Bank and cash balances		1,319,255	1,023,292
		<u>9,476,799</u>	<u>8,300,821</u>
Creditors: amounts falling due within one year	14	<u>(4,340,528)</u>	<u>(4,028,392)</u>
Net current assets		5,136,271	4,272,429
Total assets less current liabilities		7,798,396	7,004,266
Creditors: amounts falling due after more than one year	15	(753,578)	(820,497)
Provisions for liabilities			
Deferred taxation	17	(35,021)	(41,990)
Net assets		<u><u>7,009,797</u></u>	<u><u>6,141,779</u></u>
Capital and reserves			
Called up share capital	18	1,000	1,000
Other reserves	19	444,347	444,347
Profit and loss account	19	6,564,450	5,696,432
		<u><u>7,009,797</u></u>	<u><u>6,141,779</u></u>

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

R. L. Bhardwaj

R L Bhardwaj
Director

Date: 5.7.17

The notes on pages 10 to 23 form part of these financial statements.

CANEI INTERNATIONAL LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2016**

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	1,050,518	820,987
Adjustments for:		
Amortisation of intangible fixed assets	10,000	10,000
Depreciation of tangible fixed assets	86,063	93,304
Interest paid	106,641	112,678
Taxation charge	261,835	218,027
Increase in stocks	(201,966)	(846,223)
Increase in debtors	(678,049)	(1,073,986)
Increase in creditors	266,961	151,795
Corporation tax paid	(111,686)	(205,346)
Net cash from operating activities	<u>790,317</u>	<u>(718,764)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(26,351)	(4,490)
Hire purchase interest paid	(2,429)	(3,977)
Net cash from investing activities	<u>(28,780)</u>	<u>(8,467)</u>
Cash flows from financing activities		
Repayment of loans	(65,000)	(65,000)
Other new loans	65,285	529,382
Repayment of finance leases	(15,707)	(30,799)
Dividends paid	(182,500)	(21,250)
Interest paid	(104,212)	(108,701)
Net cash used in financing activities	<u>(302,134)</u>	<u>303,632</u>
Net increase/(decrease) in cash and cash equivalents	<u>459,403</u>	<u>(423,599)</u>
Cash and cash equivalents at beginning of year	249,301	672,900
Cash and cash equivalents at the end of year	<u><u>708,704</u></u>	<u><u>249,301</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,319,255	1,023,292
Bank overdrafts	(610,551)	(773,991)
	<u><u>708,704</u></u>	<u><u>249,301</u></u>

The notes on pages 10 to 23 form part of these financial statements.

CANEI INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016

1. Accounting policies

Canei International Limited is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is shown on the company information page.

The financial statements are prepared in Sterling (£) which is the functional currency of the company. The financial statements are for the year ended 31 October 2016 (2015: 31 October 2015).

1.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention, other than in respect of investment properties which are carried at market value and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The company transitioned from previously extant UK GAAP to FRS 102 as at 1 November 2014. Information on the impact of first-time adoption on FRS 102 is given in note 25.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in applying the company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The following principal accounting policies have been consistently applied throughout the year:

1.2 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Sale of motor vehicles and accessories

Turnover from the sale of motor vehicles and accessories is recognised when the vehicle has been collected by the customer and the risks and rewards of ownership have passed.

Sale of motor related services

Turnover from motor related services includes car servicing, MOT tests and warranties. Sales of related services are recognised when the product is supplied to the customer. Costs in relation to warranties are expensed to the profit and loss account as incurred.

Commission receivable

Where the company receives commission income, primarily arising when the customer uses third-party finance to purchase the vehicle, the company recognises such income on an "as earned" basis.

Other income

Other income relates to rental income received from investment properties and storage units. Other income is recognised on an accruals basis.

CANEI INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016

1. Accounting policies (continued)

1.3 Intangible fixed assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the profit and loss account over its useful economic life of five years.

1.4 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, 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 the directors.

Repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

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

Depreciation is provided on the following basis:

Freehold property	- 2% on cost
Short-term leasehold property	- 20% to 33.3% on cost
Plant and machinery	- 15% reducing balance
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 10% reducing balance
Computer equipment	- 25% 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 profit and loss account.

At each balance sheet date, the company reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an 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 the asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately in the profit and loss account.

1.5 Investment property

Investment property is carried at fair value determined annually by the directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided on investment properties. Changes in fair value are recognised in the profit and loss account.

CANEI INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016

1. Accounting policies (continued)

1.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the profit and loss account.

1.7 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, loans from banks and related parties.

All financial assets and liabilities are initially measured at transaction price and subsequently measured at amortised cost.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

1.8 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of change on the net obligation outstanding in each period.

1.9 Operating leases

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

1.10 Pensions

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 profit and loss account 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.

CANEI INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

1. Accounting policies (continued)

1.11 Taxation

The tax charge for the year comprises of current and deferred tax.

Current tax is recognised for the amount of corporation tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

1.12 Prior year reclassification

During the year, the directors have reclassified other debtors previously disclosed as due after more than one year to being due within one year to better reflect the nature of the balance.

CANEI INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The directors are also required to exercise judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

In preparing these financial statements, the directors have made the following judgements:

Impairment of non-current assets

The company assesses the impairment of property, plant and equipment and intangible assets subject to amortisation or depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include the following:

- Significant underperformance relative to historical or projected future operating results;
- Significant changes in the manner of the use of the acquired assets or the strategy for the overall business; and
- Significant negative industry or economic trends.

Investment properties

Critical estimates, assumptions and judgements relate to the determination of the carrying value of investment properties at fair value through the profit and loss account. In determining this, the company applies the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstances of the investment drives the valuation methodology.

Carrying value of stocks

The directors review the market value of and demand for its stocks on a periodic basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stocks. The directors use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the company's products and achievable selling prices.

3. Turnover

An analysis of turnover by class of business is as follows:

	2016 £	2015 £
Sales of motor vehicles and accessories	14,449,699	11,143,518
Sales of motor related services	3,338,682	2,885,740
Commissions receivable	324,471	239,972
Other income	215,179	221,488
	<u>18,328,031</u>	<u>14,490,718</u>

All turnover arose within the United Kingdom.

CANEI INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

4. Operating profit

The operating profit is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets	86,063	93,304
Amortisation of intangible fixed assets	10,000	10,000
Auditors' remuneration	12,500	12,500
Other operating lease rentals	180,997	180,217
	<u> </u>	<u> </u>

During the year, no director received any emoluments (2015: £Nil).

5. Employees

Staff costs were as follows:

	2016	2015
	£	£
Wages and salaries	1,402,070	1,162,445
Social security costs	124,407	97,395
Pension costs	7,314	-
	<u>1,533,791</u>	<u>1,259,840</u>

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

	2016	2015
	No.	No.
Operational	<u>61</u>	<u>55</u>

6. Interest payable and similar charges

	2016	2015
	£	£
On bank loans and overdrafts	43,855	47,634
On other loans	60,357	61,067
On finance leases and hire purchase contracts	2,429	3,977
	<u>106,641</u>	<u>112,678</u>

CANEI INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

7. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	268,804	221,686
Total current tax	<u>268,804</u>	<u>221,686</u>
Deferred tax		
Origination and reversal of timing differences	(4,636)	(3,659)
Effect of tax rate change on opening balance	(2,333)	-
Total deferred tax	<u>(6,969)</u>	<u>(3,659)</u>
Taxation on profit on ordinary activities	<u><u>261,835</u></u>	<u><u>218,027</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 20.41%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>1,312,353</u>	<u>1,039,014</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.41%)	262,471	212,101
Effects of:		
Fixed asset differences	5,081	5,757
Expenses not deductible for tax purposes	502	94
Capital allowances for year in excess of depreciation	-	3,734
Chargeable losses	(2,687)	-
Other differences leading to an increase (decrease) in the tax charge	(1,716)	-
Deferred tax not recognised	(1,816)	(3,659)
Total tax charge for the year	<u><u>261,835</u></u>	<u><u>218,027</u></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

CANEI INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

8. Dividends

	2016 £	2015 £
Dividends paid	<u>182,500</u>	<u>21,250</u>

9. Intangible fixed assets

	Goodwill £
Cost	
At 1 November 2015 and at 31 October 2016	<u>84,050</u>
Amortisation	
At 1 November 2015	65,717
Charge for the year	<u>10,000</u>
At 31 October 2016	<u>75,717</u>
Net book value	
At 31 October 2016	<u>8,333</u>
At 31 October 2015	<u>18,333</u>

CANEI INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

10. Tangible fixed assets

	Freehold property £	Short- term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost							
At 1 November 2015	1,014,638	33,950	308,681	81,821	490,615	81,107	2,010,812
Additions	-	-	5,500	12,795	4,329	3,727	26,351
At 31 October 2016	<u>1,014,638</u>	<u>33,950</u>	<u>314,181</u>	<u>94,616</u>	<u>494,944</u>	<u>84,834</u>	<u>2,037,163</u>
Depreciation							
At 1 November 2015	139,698	27,983	148,059	55,072	277,865	68,631	717,308
Charge for the year	20,293	5,114	24,919	9,610	22,074	4,053	86,063
At 31 October 2016	<u>159,991</u>	<u>33,097</u>	<u>172,978</u>	<u>64,682</u>	<u>299,939</u>	<u>72,684</u>	<u>803,371</u>
Net book value							
At 31 October 2016	<u>854,647</u>	<u>853</u>	<u>141,203</u>	<u>29,934</u>	<u>195,005</u>	<u>12,150</u>	<u>1,233,792</u>
At 31 October 2015	<u>874,940</u>	<u>5,967</u>	<u>160,622</u>	<u>26,749</u>	<u>212,750</u>	<u>12,476</u>	<u>1,293,504</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2016 £	2015 £
Plant and machinery	-	62,790
Motor vehicles	<u>2,647</u>	<u>3,529</u>
	<u>2,647</u>	<u>66,319</u>

CANEI INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

11. Investment property

**Freehold
investment
property
£**

Valuation

At 1 November 2015 and at 31 October 2016

1,420,000

The directors believe that there is no change to the valuation of investment property and as such the valuation represents fair value which is based on an existing use basis.

12. Stocks

	2016 £	2015 £
Goods for resale	4,244,262	4,042,296

Stock recognised in cost of sales during the year as an expense was £12,283,813 (2015: £9,462,448).

An impairment loss of £60,312 (2015: £29,880) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

13. Debtors

	2016 £	2015 £
Trade debtors	74,329	93,840
Other debtors	3,801,201	3,104,149
Prepayments and accrued income	37,752	37,244
	<u>3,913,282</u>	<u>3,235,233</u>

CANEI INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

14. Creditors: Amounts falling due within one year

	2016	2015
	£	£
Bank overdrafts	610,551	773,991
Bank loans	65,000	65,000
Other loans	2,441,233	2,375,948
Trade creditors	228,783	302,170
Corporation tax	268,804	111,686
Other taxation and social security	165,948	129,413
Obligations under finance lease and hire purchase contracts	1,919	15,707
Other creditors	535,203	226,803
Accruals and deferred income	23,087	27,674
	<u>4,340,528</u>	<u>4,028,392</u>

Amounts owed under hire purchase contracts are secured on the assets to which they relate.

Other loans include a stocking loan of £2,435,609 (2015: £2,342,239) which is secured against a debenture over the assets of the company and first unlimited priority over the stockholding of the company. This is supported by joint and several personal guarantees from B K Bhardwaj, R L Bhardwaj and K K Bhardwaj.

The bank loans are secured and supported by the following assets:

- A legal charge dated 30 April 2013 over the freehold and investment property;
- An intercompany cross-guarantee between Canei International Limited, N. S. Kambr Limited and 4Brothers Properties Limited, supported by a first legal charge over the respective company's property;
- Personal guarantees dated 3 May 2013 for £200,000 from R L Bhardwaj, S D Bhardwaj, K K Bhardwaj and B K Bhardwaj, supported by a first legal charge over the individual guarantors property.

15. Creditors: Amounts falling due after more than one year

	2016	2015
	£	£
Bank loans	751,500	816,500
Net obligations under finance leases and hire purchase contracts	2,078	3,997
	<u>753,578</u>	<u>820,497</u>

CANEI INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

16. Loans

Analysis of the maturity of loans is given below:

	2016 £	2015 £
Amounts falling due within one year		
Bank loans	65,000	65,000
Other loans	2,441,233	2,375,948
Amounts falling due 2-5 years		
Bank loans	751,500	816,500
	<u>3,257,733</u>	<u>3,257,448</u>

17. Deferred taxation

	2016 £
At 1 November 2015	41,990
Charged to the profit and loss account	6,969
At 31 October 2016	<u>35,021</u>

The provision for deferred taxation is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	35,054	41,990
Capital losses	(33)	-
	<u>35,021</u>	<u>41,990</u>

18. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

CANEI INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016

19. Reserves

Other reserves

Other reserves relates to the amounts previously recognised in the investment property revaluation reserve, reclassified upon transition to FRS 102. Please see note 25.

Profit and loss account

The profit and loss account represents accumulated profits and losses for prior periods less dividends paid.

20. Contingent liabilities

Canei International Limited has provided cross company guarantees in respect of the liabilities of N, S. Kambr Limited and 4Brothers Properties Limited in support of their business activities.

21. 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 cost charge represents contributions payable by the company to the fund and amounted to £7,314 (2015: £Nil). Contributions totalling £1,314 (2015: £Nil) were payable to the fund at the balance sheet date

22. Commitments under operating leases

At 31 October 2016 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Land and buildings		
Not later than 1 year	137,804	171,990
Later than 1 year and not later than 5 years	324,531	370,666
Later than 5 years	-	92,055
	<u>462,335</u>	<u>634,711</u>

CANEI INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016

23. Related party transactions

	2016 £	2015 £
Dividends paid to directors	146,000	17,000
Dividends paid to close family members	36,500	4,250
Amounts due to directors	5,624	33,619
Amounts due to companies in which a director has a significant interest	352,708	144,545
Amounts due to companies in which a director has a close family member	166,181	57,046
Amounts due from companies in which a director has a significant interest	1,722,336	1,541,028
Amounts due from companies in which a director has a close family member	2,058,866	1,518,466
Rent paid to companies in which a director has a significant interest	139,997	139,997
Rent received from companies in which a director has a significant interest	43,264	43,264
Rent received from companies in which a director has a close family member	44,980	44,980
	<u>4,716,456</u>	<u>3,544,195</u>

During the year the maximum amount due to directors was £5,624 (2015: £33,619). The maximum amount outstanding during the year was £33,619 (2015: £33,619). The loan is interest free, unsecured and has no fixed repayment date.

The directors consider there to be no key management personnel, other than the directors, who have authority and responsibility for planning, directing and controlling the activities of the company.

24. Controlling party

The company is controlled by R L Bhardwaj and B K Bhardwaj by virtue of their majority shareholding.

25. First time adoption of FRS 102

Investment property

FRS 102 requires that changes in value be recognised in the profit and loss account. As a result, on the date of transition £444,347 has been transferred from the revaluation reserve to the profit and loss reserve and is included within "other reserves".

Deferred taxation

FRS 102 requires that deferred taxation be recognised on revaluations of investment property. This was not required under previous UK GAAP unless there was a binding agreement to sell the revalued asset and the gains or losses expected to arise on sale had been recognised. No material adjustments have been required.