

Group Strategic Report, Report of the Directors and
Consolidated Financial Statements
for the Period 10 December 2014 to 31 January 2016
for
TKC Sales Newco Limited

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for the Period 10 December 2014 to 31 January 2016**

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TKC Sales Newco Limited

Company Information
for the Period 10 December 2014 to 31 January 2016

DIRECTORS:

P Wearmouth
M W T Woodruffe

REGISTERED OFFICE:

The Old Spitfire Hanger The Strand
Steeple Ashton
Trowbridge
Wiltshire
BA14 6EP

REGISTERED NUMBER:

09349321 (England and Wales)

AUDITORS:

Monahans
Statutory Auditors
38-42 Newport Street
Swindon
Wiltshire
SN1 3DR

TKC Sales Newco Limited (Registered number: 09349321)

Group Strategic Report
for the Period 10 December 2014 to 31 January 2016

The directors present their strategic report of the company and the group for the period 10 December 2014 to 31 January 2016.

The principal activity of the company during the year was that of ultimate holding company of TKC Sales Limited via TKC Sales Holdings Limited a company engaged in the Wholesale distribution of branded best in class products to high street and online retailers. The diverse product offering includes Outdoor and Snow (walking boots, socks, Ski), Airsports (kitesurfing), Street sports (Skateboard, Rollerblading and Scooter), Coffee (Aerobie Aeropress), Fashion (Mi-Pac bags), Toy, gift, outdoor fun (Wow stuff, Aerobie and others).

REVIEW OF BUSINESS

The financial statements at the end of the first trading period show a strong business delivering 6.8% Profit before interest and taxation under the FRS102 reporting format.

The Directors plan modest growth in 2016-17 with growth focusing on long term strategic brands and customer relationships.

TKC is fully funded and funded in a flexible structure secured on debtors that provides increasing funding as the company grows sales.

The Board identified that in order to achieve growth and profit aspirations investment in people, software and infrastructure are crucial. Investment in these all areas having being made in the year under review with continuing and new initiatives in place for future years.

In addition to managing and growing sales from existing brands and customers the board continues to seek new relevant distribution opportunities to strengthen its diversity and grow long term sales and profitability.

TKC takes pride in its reputation for providing its customers with excellent service and products.

Financial key performance indicators.

2016

Turnover	£9,316,246
Gross profit margin	29.5%
Operating profit	£637,152
Operating profit	6.8%
FRS 102 Profit before tax	£405,871
FRS 102 Profit before tax	4.4%
Annual Stock turn	2.1
Debtor days	63 days

Group Strategic Report
for the Period 10 December 2014 to 31 January 2016

PRINCIPAL RISKS AND UNCERTAINTIES

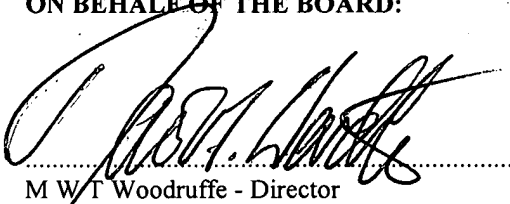
The group does attempt to mitigate any commercial risks where possible, key strategic decisions are formally evaluated and ratified by the board.

On a specific level the group sells goods in sterling, but procures goods in a combination of US dollars, euros and sterling. To mitigate forex risk and protect margins the group hedges currencies transactions when in the opinion of the Directors it is prudent to do so.

The group's diverse product range and diverse customer base (with no dominant customer), helps protect the business from declines in a particular market segment.

In respect of our IT infrastructure there are robust controls to safeguard our data and provide backup in the event of disaster recovery.

ON BEHALF OF THE BOARD:



M W T Woodruffe - Director

Date: 23/8/16

Report of the Directors
for the Period 10 December 2014 to 31 January 2016

The directors present their report with the financial statements of the company and the group for the period 10 December 2014 to 31 January 2016.

INCORPORATION

The group was incorporated on 10 December 2014.

DIVIDENDS

No dividends will be distributed for the period ended 31 January 2016.

DIRECTORS

The directors who have held office during the period from 10 December 2014 to the date of this report are as follows:

P Wearmouth - appointed 16 February 2015
M W T Woodruffe - appointed 16 February 2015

Both the directors who are eligible offer themselves for election at the forthcoming first Annual General Meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

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

ON BEHALF OF THE BOARD:



M W T Woodruffe - Director

Date: 23/8/16

Report of the Independent Auditors to the Members of
TKC Sales Newco Limited

We have audited the financial statements of TKC Sales Newco Limited for the period ended 31 January 2016 on pages seven to thirty. 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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 group's and the parent 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 Group Strategic Report and the Report of the Directors 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 group's and of the parent company's affairs as at 31 January 2016 and of the group's profit for the period 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the Independent Auditors to the Members of
TKC Sales Newco Limited

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



David Black (Senior Statutory Auditor)
for and on behalf of Monahans
Statutory Auditors
38-42 Newport Street
Swindon
Wiltshire
SN1 3DR

Date: 23 August 2016.

TKC Sales Newco Limited (Registered number: 09349321)

Consolidated Income Statement
for the Period 10 December 2014 to 31 January 2016

	Notes	£
TURNOVER	4	9,316,246
Cost of sales		<u>6,569,917</u>
GROSS PROFIT		2,746,329
Administrative expenses		<u>2,130,340</u>
		615,989
Other operating income		<u>23,187</u>
OPERATING PROFIT	6	639,176
Interest receivable and similar income		<u>116</u>
		639,292
Interest payable and similar charges	7	<u>231,397</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		407,895
Tax on profit on ordinary activities	8	<u>151,631</u>
PROFIT FOR THE FINANCIAL PERIOD		<u>256,264</u>
Profit attributable to: Owners of the parent		<u>256,264</u>

The notes form part of these financial statements

TKC Sales Newco Limited (Registered number: 09349321)

Consolidated Other Comprehensive Income
for the Period 10 December 2014 to 31 January 2016

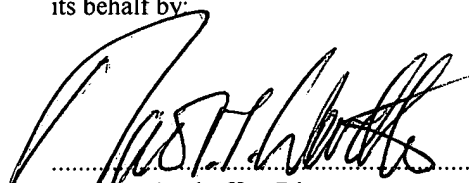
	Notes	£
PROFIT FOR THE PERIOD		256,264
OTHER COMPREHENSIVE INCOME		-
TOTAL COMPREHENSIVE INCOME		
FOR THE PERIOD		256,264
Total comprehensive income attributable to:		
Owners of the parent		256,264

The notes form part of these financial statements

Consolidated Balance Sheet
31 January 2016

	Notes	£	£
FIXED ASSETS			
Intangible assets	10		1,123,449
Tangible assets	11		85,007
Investments	12		-
			1,208,456
 CURRENT ASSETS			
Stocks	13	3,161,783	
Debtors	14	1,704,488	
Cash at bank and in hand		38,286	
		4,904,557	
 CREDITORS			
Amounts falling due within one year	15	1,431,555	
 NET CURRENT ASSETS			3,473,002
 TOTAL ASSETS LESS CURRENT LIABILITIES			4,681,458
 CREDITORS			
Amounts falling due after more than one year	16		2,555,750
 NET ASSETS			2,125,708
 CAPITAL AND RESERVES			
Called up share capital	21		6,050
Share premium	22		1,676,391
Other reserves	22		10,107
Retained earnings	22		433,160
 SHAREHOLDERS' FUNDS			2,125,708

The financial statements were approved by the Board of Directors on 23/8/16 and were signed on its behalf by:


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M W T Woodruffe - Director

Company Balance Sheet
31 January 2016

	Notes	£	£
FIXED ASSETS			
Intangible assets	10		-
Tangible assets	11		-
Investments	12		5,143,980
			<u>5,143,980</u>
CREDITORS			
Amounts falling due within one year	15	2,528,120	
NET CURRENT LIABILITIES			<u>(2,528,120)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,615,860
CREDITORS			
Amounts falling due after more than one year	16		975,423
NET ASSETS			<u>1,640,437</u>
CAPITAL AND RESERVES			
Called up share capital	21		6,050
Share premium	22		1,676,391
Retained earnings	22		(42,004)
SHAREHOLDERS' FUNDS			<u>1,640,437</u>

The financial statements were approved by the Board of Directors on 23/3/16 and were signed on its behalf by:


M W T Woodruffe - Director

Consolidated Statement of Changes in Equity
for the Period 10 December 2014 to 31 January 2016

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
Changes in equity					
Issue of share capital	6,050	-	1,676,391	-	1,682,441
Total comprehensive income	-	256,264	-	-	256,264
Capital contribution - equity	-	176,896	-	-	176,896
Share based payment	-	-	-	10,107	10,107
Balance at 31 January 2016	6,050	433,160	1,676,391	10,107	2,125,708

The notes form part of these financial statements

Company Statement of Changes in Equity
for the Period 10 December 2014 to 31 January 2016

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Changes in equity				
Issue of share capital	6,050	-	1,676,391	1,682,441
Total comprehensive income	-	(42,004)	-	(42,004)
Balance at 31 January 2016	<u>6,050</u>	<u>(42,004)</u>	<u>1,676,391</u>	<u>1,640,437</u>

TKC Sales Newco Limited (Registered number: 09349321)

Consolidated Cash Flow Statement
for the Period 10 December 2014 to 31 January 2016

	Notes	£
Cash flows from operating activities		
Cash generated from operations	1	1,367,543
Interest paid		(133,003)
Tax paid		(109,191)
Net cash from operating activities		1,125,349
Cash flows from investing activities		
Purchase of intangible fixed assets		(10,099)
Purchase of tangible fixed assets		(37,539)
Sale of tangible fixed assets		7,400
Purchase of subsidiary (net of cash acq)		(5,049,094)
Interest received		116
Net cash from investing activities		(5,089,216)
Cash flows from financing activities		
New bank loans in year		1,070,000
Bank loan repayments		(570,000)
Other loans in the year		1,430,000
Share issue		1,682,441
Net cash from financing activities		3,612,441
Decrease in cash and cash equivalents		(351,426)
Cash and cash equivalents at beginning of period	2	-
Cash and cash equivalents at end of period	2	(351,426)

The notes form part of these financial statements

Notes to the Consolidated Cash Flow Statement
for the Period 10 December 2014 to 31 January 2016

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	£
Profit before taxation	407,895
Depreciation charges	161,689
Loss on disposal of fixed assets	1,384
Share based payment	12,634
Finance costs	231,397
Finance income	(116)
	814,883
Decrease in stocks	494,618
Decrease in trade and other debtors	67,431
Decrease in trade and other creditors	(9,389)
Cash generated from operations	1,367,543

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Consolidated Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Period ended 31 January 2016

	31.1.16	10.12.14
	£	£
Cash and cash equivalents	38,286	-
Bank overdrafts	(389,712)	-
	(351,426)	-

Notes to the Consolidated Cash Flow Statement
for the Period 10 December 2014 to 31 January 2016

3. ACQUISITION OF BUSINESS

On 16 February 2015 the group acquired TKC Sales Limited for consideration of £5,143,980.

Effect of acquisition of subsidiary undertaking:

	£
Tangible assets	94,235
Cash and cash equivalents	(838,533)
Working capital	4,692,122
Current and deferred tax	(40,900)
	3,906,924
Goodwill	1,237,056
Total	5,143,980

The book values were deemed to be the fair value of the assets and liabilities acquired.

Consideration at 16 February 2015:

Cash	4,182,441
Directly attributable costs	28,120
Deferred consideration	933,419
	5,143,980

For cashflow purposes the amounts are disclosed as follows:

Cash consideration	4,182,441
Directly attributable costs	28,120
Cash and cash equivalents acquired	838,533
Net cash outflow	5,049,094

Notes to the Consolidated Financial Statements
for the Period 10 December 2014 to 31 January 2016

1. STATUTORY INFORMATION

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

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared on a historical cost basis except for the modification to fair value basis for certain financial instruments as specified in the accounting policies below.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Functional and presentation currency

The company's functional and presentation currency is Sterling (£).

Basis of consolidation

The group financial statements consolidate the financial statements of TKC Sales Newco Limited and all its subsidiary undertakings drawn up to 31 January each year.

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

All intra group transactions, balances, income and expenses are eliminated on consolidation.

Significant judgements and estimates

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below:

Trade and other receivables - The allowance for doubtful accounts involves significant management judgement and review of individual receivables based on individual customer creditworthiness, current economic trends and analysis of historical bad debts on a portfolio basis.

Stock provisions - Significant estimates are involved in the determination of stock provisions. Management exercise significant judgement in determining whether costs of stock items can be recovered. A provision is made where a loss can be reliably estimated.

Investments are stated at their historic cost to the Company less, where appropriate, impairment provisions for any permanent or temporary diminution in value. The determination of the recoverable amount of an investment involves the use of estimates by management.

Notes to the Consolidated Financial Statements - continued
for the Period 10 December 2014 to 31 January 2016

3. ACCOUNTING POLICIES - continued

Turnover

Turnover is measured at the fair value of the consideration received or receivable. Turnover is reduced for customer returns, rebates or other similar allowances and is net of value added taxes. Turnover includes revenue earned from the sale of goods.

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction can be measured reliably.

Specifically, revenue from the sale of goods is primarily recognised on despatch of goods to the customer.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2015, is being amortised evenly over its estimated useful life of ten years.

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated, using the straight line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Software - 3 years

Amortisation is charged to administrative expenses in the Profit and loss account.

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

Tangible fixed assets

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

- | | |
|--------------------------|------------------------------|
| Improvements to property | - Straight line over 3 years |
| Fixtures and fittings | - Straight line over 4 years |
| Motor vehicles | - 25% on reducing balance |

Impairment of non financial assets

At each reporting date, the company reviews the carrying amounts of its non financial assets to determine whether there is any indication that any items of property, plant and equipment have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the profit and loss.

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

Stocks

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

Notes to the Consolidated Financial Statements - continued
for the Period 10 December 2014 to 31 January 2016

3. ACCOUNTING POLICIES - continued

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and 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 end of the reporting period.

Deferred tax is recognised on timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable timing differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible timing differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets that are held by Company under leases which transfer to the Company substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Company are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Pension costs and other post-retirement benefits

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

Notes to the Consolidated Financial Statements - continued
for the Period 10 December 2014 to 31 January 2016

3. ACCOUNTING POLICIES - continued

Financial instruments

The company has chosen to adopt the requirements of sections 11 and 12 of FRS 102 in respect of the measurement and disclosure of financial instruments.

Trade and other debtors

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings or current liabilities.

Impairment of financial assets

Financial assets, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when 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 of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Notes to the Consolidated Financial Statements - continued
for the Period 10 December 2014 to 31 January 2016

3. ACCOUNTING POLICIES - continued

Trade and other creditors

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Related parties

For the purposes of these financial statements, a party is considered to be related to the company if:

- (i) the party has the ability, directly or indirectly, through one or more intermediaries, to control the Company or exercise significant influence over the company in making financial and operating policy decisions, or has joint control over the company;
- (ii) the company and the party are subject to common control;
- (iii) the party is an associate of the company or a joint venture in which the company is a venturer;
- (iv) the party is a member of key management personnel of the company or the company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the company or of any entity that is a related party of the company.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

Provisions for liabilities

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Derivative financial instruments

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 the 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 and loss in finance costs or finance income as appropriate unless they are included in a hedging arrangement.

Share based payments

The group provides share-based payment arrangements to certain employees.

Equity-settled arrangements are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of the grant. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the expected vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest.

Fair value is measured by use of the Black Scholes pricing model which is considered by management to be the most appropriate method of valuation. The expected life used in the model has been adjusted, based on managements best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Notes to the Consolidated Financial Statements - continued
for the Period 10 December 2014 to 31 January 2016

4. TURNOVER

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

An analysis of turnover by geographical market is given below:

	£
United Kingdom	8,521,084
Rest of the world	795,162
	9,316,246

5. STAFF COSTS

The average number of employees during the period was 30.

6. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	£
Hire of plant and machinery	2,381
Depreciation - owned assets	37,983
Loss on disposal of fixed assets	1,384
Goodwill amortisation	123,706
Auditors' remuneration	9,500
Foreign exchange differences	(23,187)
Stock expense included within cost of sales	6,768,917
Rental of offices and warehouse	87,692
Directors' remuneration	208,279
Directors' pension contributions to money purchase schemes	31,409

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

Money purchase schemes	2

Information regarding the highest paid director is as follows:

	£
Emoluments etc	146,673
Pension contributions to money purchase schemes	127

7. INTEREST PAYABLE AND SIMILAR CHARGES

	£
Bank interest	47,879
Other loan interest	98,394
Derivative financial instrument at fair value	85,124
	231,397

Notes to the Consolidated Financial Statements - continued
for the Period 10 December 2014 to 31 January 2016

8. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the period was as follows:

	£
Current tax:	
UK corporation tax	158,883
Deferred tax	(7,252)
Tax on profit on ordinary activities	<u>151,631</u>

Reconciliation of total tax charge included in profit and loss

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

	£
Profit on ordinary activities before tax	<u>407,895</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20%	81,579
Effects of:	
Expenses not deductible for tax purposes	(13,858)
Capital allowances in excess of depreciation	(1,939)
Transition adjustments	58,970
Change in rate of tax	988
Consolidation adjustment	33,143
Deferred tax	(7,252)
Total tax charge	<u>151,631</u>

9. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(42,004).

Notes to the Consolidated Financial Statements - continued
for the Period 10 December 2014 to 31 January 2016

10. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Computer software £	Totals £
COST			
Additions	1,237,056	10,099	1,247,155
At 31 January 2016	1,237,056	10,099	1,247,155
AMORTISATION			
Amortisation for period	123,706	-	123,706
At 31 January 2016	123,706	-	123,706
NET BOOK VALUE			
At 31 January 2016	1,113,350	10,099	1,123,449

11. TANGIBLE FIXED ASSETS

Group

	Improvements to property £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
Additions	-	18,339	19,200	37,539
Disposals	-	(18,613)	(15,499)	(34,112)
Reclassification/transfer	11,994	238,278	112,779	363,051
At 31 January 2016	11,994	238,004	116,480	366,478
DEPRECIATION				
Charge for period	-	14,117	23,866	37,983
Eliminated on disposal	-	(18,547)	(6,781)	(25,328)
Reclassification/transfer	11,994	220,309	36,513	268,816
At 31 January 2016	11,994	215,879	53,598	281,471
NET BOOK VALUE				
At 31 January 2016	-	22,125	62,882	85,007

Notes to the Consolidated Financial Statements - continued
for the Period 10 December 2014 to 31 January 2016

12. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
Additions	5,143,980
At 31 January 2016	5,143,980
NET BOOK VALUE	
At 31 January 2016	5,143,980

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiary

TKC Sales (Holdings) Limited

Nature of business: Dormant

	% holding	2016 £
Class of shares:		
Ordinary	100.00	
Aggregate capital and reserves		2,931,695

13. STOCKS

	Group £
Stocks	3,161,783

Stock is stated after provisions for impairment of £293,805.

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group £
Trade debtors	1,611,396
Derivative financial instrument at fair value	31,858
Deferred tax asset	5,616
Prepayments and accrued income	55,618
	1,704,488

Notes to the Consolidated Financial Statements - continued
for the Period 10 December 2014 to 31 January 2016

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

Deferred tax asset

Deferred tax

Group
£
5,616

Impairments against trade and other debtors have been recorded as follows:

	2016
	£
An impairment loss was recognised against trade debtors	<u>25,000</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group £	Company £
Bank loans, overdraft and invoice discounting (see note 17)	618,879	-
Trade creditors	439,613	-
Amounts owed to group undertakings	-	2,528,120
Tax	91,483	-
Social security and other taxes	122,949	-
Accruals and deferred income	158,631	-
	<u>1,431,555</u>	<u>2,528,120</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group £	Company £
Bank loans (see note 17)	270,833	-
Other loans (see note 17)	2,284,917	975,423
	<u>2,555,750</u>	<u>975,423</u>

Notes to the Consolidated Financial Statements - continued
for the Period 10 December 2014 to 31 January 2016

17. LOANS

An analysis of the maturity of loans is given below:

	Group £	Company £
Amounts falling due within one year or on demand:		
Bank overdrafts	389,712	-
Bank loans	229,167	-
	<u>618,879</u>	<u>-</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>250,000</u>	<u>-</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	20,833	-
Other loans - 2-5 years	2,284,917	975,423
	<u>2,305,750</u>	<u>975,423</u>

18. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

Group	£
Within one year	107,697
Between one and five years	122,873
	<u>230,570</u>

Notes to the Consolidated Financial Statements - continued
for the Period 10 December 2014 to 31 January 2016

19. SECURED DEBTS

The following secured debts are included within creditors:

	Group	Company
	£	£
Bank overdraft	389,712	-
Bank loans	500,000	-
Other loans	2,284,917	975,423
	<u>3,174,629</u>	<u>975,423</u>

Bank overdrafts are repayable on demand. Overdrafts are secured by an unlimited debenture over the company's assets.

Bank loans are secured by an unlimited debenture, an unlimited all monies guarantee and an omnibus guarantee and set off arrangement from TKC Sales Limited, TKC Sales Newco Limited and TKC Sales (Holdings) Limited. The director M Woodruffe has also provided an all monies guarantee for a principal amount of £200,000 plus interest. The average effective interest rate is 4% and is determined based on 3.5% plus Lloyds bank base rate.

Invoice discounting facility advances are secured by a debenture over trade receivables.

Other loans represent the following:

- a) A loan from the director M Woodruffe of £1,430,000. This loan is secured by a debenture over the assets of TKC Sales Limited, TKC Sales Newco Limited and TKC Sales (Holdings) Limited. This loan has an interest holiday until 31 January 2018. From this date the loan will attract interest at 4% above the base rate of National Westminster Bank plc.
- b) A loan of £1,080,000 derived from a share purchase agreement and represents deferred consideration. This loan is payable in 3 annual instalments commencing 1 May 2017. The loan is interest free subject to the instalments being made on time. If an instalment is late the loan will accrue interest at 8% above Lloyds Bank plc base rate.

Notes to the Consolidated Financial Statements - continued
for the Period 10 December 2014 to 31 January 2016

20. FINANCIAL INSTRUMENTS

Exposure to foreign currency, credit, liquidity and cash flow interest rate risks arises in the normal course of the groups business. These risks are limited by the group's financial management policies and practices described below.

Foreign currency risk

The group has limited exposure to foreign currency risk. Substantially all of the group's sales are denominated in sterling. The group's purchases are however substantially in foreign currencies. The group enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency payables. At 31 January 2016, the outstanding contracts all mature within 6 months of the year end. The group is committed to buy EUR400,000 and EUR350,000 and pay a fixed sterling amount of £288,496 and £253,256.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are forward exchange rates for GBP:EUR and GBP:USD. The fair value gains of the forward foreign currency contracts are £31,858.

Credit risk

The group is at risk from its customers defaulting in making payments for goods that have been supplied to them. The majority of the group's customers are small, with no heavy reliance on one customer.

To minimise the risk the group has a policy of dealing with customers who have either demonstrated credit worthiness or can provide sufficient collateral. To determine creditworthiness the group makes use of independent rating agencies, other publicly available financial information and its own trading records. The group's exposure and its customer creditworthiness is continually monitored so that any potential problems are detected at an early stage.

Liquidity risk

The directors have ultimate responsibility for liquidity risk management in maintaining adequate reserves, banking facilities and reserve borrowing facilities. They do this by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Cash flow interest rate risk

The group is exposed to interest rate risk through the impact of rate changes on interest-bearing borrowings. The group's policy is to obtain the most favourable interest rates available for its borrowings.

The group has no significant interest-bearing assets and liabilities. The group does not use any derivative instruments to reduce its economic exposure to changes in interest rates.

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	£
6,050	Ordinary	£1	<u>6,050</u>

6,050 Ordinary shares of £1 each were allotted as fully paid at a premium of £277.08 per share during the period.

At 31 January 2016 options to purchase up to 822 £1 ordinary shares at a price of £1 per share exercisable between 25 September 2015 and 24 September 2025 were outstanding.

Notes to the Consolidated Financial Statements - continued
for the Period 10 December 2014 to 31 January 2016

22. RESERVES

Group

	Retained earnings £	Share premium £	Other reserves £	Totals £
Profit for the period	256,264			256,264
Cash share issue	-	1,676,391	-	1,676,391
Capital contribution - equity	176,896	-	-	176,896
Share based payment	-	-	10,107	10,107
At 31 January 2016	<u>433,160</u>	<u>1,676,391</u>	<u>10,107</u>	<u>2,119,658</u>

Company

	Retained earnings £	Share premium £	Totals £
Deficit for the period	(42,004)		(42,004)
Cash share issue	-	1,676,391	1,676,391
At 31 January 2016	<u>(42,004)</u>	<u>1,676,391</u>	<u>1,634,387</u>

Retained earnings - includes all current and prior period retained profits and losses.

Share premium account - includes any premium received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Other reserve - includes all share based payment expenses net of deferred tax.

23. CONTINGENT LIABILITIES

On 16 February 2015 the group entered into a share purchase agreement. as part of this agreement there was deferred consideration amounting to £1,438,593.

Included within other loans is deferred consideration of £1,080,000 (amortised cost £975,423). This loan is repayable in 3 annual tranches of £360,000 from 1 May 2017. If all tranches are paid on time the fourth tranche of £358,593 is not payable. This fourth tranche has not been provided for in the financial statements as at the date of signing the financial statements the directors do not believe it will be payable.

24. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Notes to the Consolidated Financial Statements - continued
for the Period 10 December 2014 to 31 January 2016

24. RELATED PARTY DISCLOSURES - continued

M W T Woodruffe - Director

During the year the director M W T Woodruffe made a loan to the company of £1,430,000 (amortised cost £1,309,494). This loan is repayable after more than one year. The loan has an interest holiday until 31 January 2018. Thereafter the loan will bear interest at 4% above the National Westminster Bank plc base rate.

M W T Woodruffe has provided a guarantee to the company bankers that is limited to the amount of £200,000 plus interest in respect of a bank loan made to the company.

Mi-Pac Trading Limited

M W T Woodruffe and former directors R X Boissevain and J A Dixon were also directors and shareholders of Mi-Pac Trading Limited. M W Woodruffe shareholding and directorship in Mi-Pac Trading Limited ceased on 16 February 2015.

Transactions with the above related party in year under review were as follows:

	2016
	£
Purchase of goods (2016: transactions to 16.02.15)	63,003

Route One Retail Limited

M W T Woodruffe, P Wearmouth and former directors R X Boissevain and J A Dixon were also directors and shareholders of Route One Retail Limited. M W T Woodruffe shareholding and directorship in Route One Retail Limited ceased on 16 February 2015.

Transactions with the above related party in year under review were as follows:

	2016
	£
Sale of goods (2016: transactions to 16.02.15)	2,752

Key management personnel compensation

The remuneration of directors and other members of key management during the year was as follows:

	2016
	£
Salaries and other short term benefits	235,745

25. ULTIMATE CONTROLLING PARTY

The controlling party is M W T Woodruffe.

26. SHARE-BASED PAYMENT TRANSACTIONS

An employee has an option to purchase shares. At 31 January 2016 options to purchase up to 822 £1 ordinary shares at a price of £1 per share exercisable between 25 September 2015 and 24 September 2025 were outstanding.

The fair value of these shares at the date of their grant of 25 September 2015 was £62.48. The fair value is expensed over the expected vesting period on a straight line basis. A £12,634 expense relating to the intrinsic value of these share options has been accounted for in the year ended 31 January 2016 together with £2,527 deferred tax.

The corresponding credit has been recorded in the Other reserves - Share based payment reserve.

The fair value of the share options is measured using the Black Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted.