

Group Strategic Report, Report of the Directors and

Consolidated Financial Statements

for the Year Ended 31 January 2017

for

TKC Sales Newco Limited

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for the Year Ended 31 January 2017

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TKC Sales Newco Limited
Company Information
for the Year Ended 31 January 2017

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 Year Ended 31 January 2017

The directors present their strategic report of the company and the group for the year ended 31 January 2017.

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 5.2% Profit before interest and taxation.

Post Britain's decision to leave the EU and sterling's subsequent decline the Directors plan flat sales and a modest reduction in profits before tax in 2017-18 as the business exits existing unprofitable non-strategic brands, develops newly acquired brands, invests in new Sales and Marketing expertise and continues last year's good progress in growing both strategic brands and customers.

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.

	2017	2016
Turnover	£10,774,540	£9,316,246
Gross profit margin	27.1%	29.5%
Operating profit	£565,493	£615,989
Operating profit	5.2%	6.8%
Profit before tax	£408,369	£407,895
Profit before tax	3.8%	4.4%
Annual Stock turn	2.5	2.1
Debtor days	64 days	63 days

Group Strategic Report
for the Year Ended 31 January 2017

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: 13 April 2017

Report of the Directors
for the Year Ended 31 January 2017

The directors present their report with the financial statements of the company and the group for the year ended 31 January 2017.

DIVIDENDS

No dividends will be distributed for the year ended 31 January 2017.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 February 2016 to the date of this report.

P Wearmouth
M W T Woodruffe

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, 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: 13 Apr 2017

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 year ended 31 January 2017 on pages seven to twenty eight. 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 2017 and of the group's 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 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: 13 April 2017

TKC Sales Newco Limited (Registered number: 09349321)

Consolidated Statement of Comprehensive Income
for the Year Ended 31 January 2017

		Year Ended 31.1.17 £	Period 10.12.14 to 31.1.16 £
	Notes		
TURNOVER	4	10,774,540	9,316,246
Cost of sales		7,850,307	6,569,917
GROSS PROFIT		2,924,233	2,746,329
Administrative expenses		2,358,740	2,130,340
		565,493	615,989
Other operating income		-	23,187
OPERATING PROFIT	6	565,493	639,176
Interest receivable and similar income		578	116
		566,071	639,292
Interest payable and similar expenses	7	157,702	231,397
PROFIT BEFORE TAXATION		408,369	407,895
Tax on profit	8	105,203	151,631
PROFIT FOR THE FINANCIAL YEAR		303,166	256,264
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		303,166	256,264
Profit attributable to: Owners of the parent		303,166	256,264
Total comprehensive income attributable to: Owners of the parent		303,166	256,264

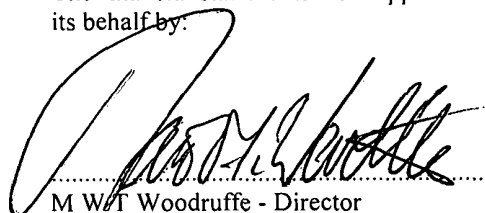
The notes form part of these financial statements

TKC Sales Newco Limited (Registered number: 09349321)

Consolidated Balance Sheet
31 January 2017

	Notes	2017		2016	
		£	£	£	£
FIXED ASSETS					
Intangible assets	10		1,012,231		1,123,449
Tangible assets	11		63,049		85,007
Investments	12		-		-
			1,075,280		1,208,456
CURRENT ASSETS					
Stocks	13	3,217,673		3,161,783	
Debtors	14	2,007,227		1,704,488	
Cash at bank and in hand		67,076		38,286	
		5,291,976		4,904,557	
CREDITORS					
Amounts falling due within one year	15	1,519,704		1,431,555	
NET CURRENT ASSETS			3,772,272		3,473,002
TOTAL ASSETS LESS CURRENT LIABILITIES					
			4,847,552		4,681,458
CREDITORS					
Amounts falling due after more than one year	16		2,408,571		2,555,750
NET ASSETS			2,438,981		2,125,708
CAPITAL AND RESERVES					
Called up share capital	21		6,050		6,050
Share premium	22		1,676,391		1,676,391
Other reserves	22		20,214		10,107
Retained earnings	22		736,326		433,160
SHAREHOLDERS' FUNDS			2,438,981		2,125,708

The financial statements were approved by the Board of Directors on 13/4/17 and were signed on its behalf by:


M W T Woodruffe - Director

The notes form part of these financial statements

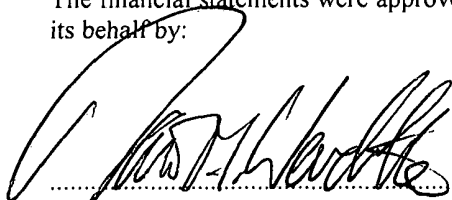
TKC Sales Newco Limited (Registered number: 09349321)

Company Balance Sheet

31 January 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Intangible assets	10	-	-
Tangible assets	11	-	-
Investments	12	5,143,980	5,143,980
		<u>5,143,980</u>	<u>5,143,980</u>
CREDITORS			
Amounts falling due within one year	15	-	2,528,120
NET CURRENT LIABILITIES		-	(2,528,120)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,143,980</u>	<u>2,615,860</u>
CREDITORS			
Amounts falling due after more than one year	16	1,019,317	975,423
NET ASSETS		<u>4,124,663</u>	<u>1,640,437</u>
CAPITAL AND RESERVES			
Called up share capital	21	6,050	6,050
Share premium	22	1,676,391	1,676,391
Retained earnings	22	2,442,222	(42,004)
SHAREHOLDERS' FUNDS		<u>4,124,663</u>	<u>1,640,437</u>
Company's profit/(loss) for the financial year		<u>2,484,226</u>	<u>(42,004)</u>

The financial statements were approved by the Board of Directors on 13/4/17 and were signed on its behalf by:



M W T Woodruffe - Director

The notes form part of these financial statements

Consolidated Statement of Changes in Equity
for the Year Ended 31 January 2017

	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
Changes in equity					
Total comprehensive income	-	303,166	-	-	303,166
Share based payment	-	-	-	10,107	10,107
Balance at 31 January 2017	6,050	736,326	1,676,391	20,214	2,438,981

The notes form part of these financial statements

TKC Sales Newco Limited (Registered number: 09349321)

Company Statement of Changes in Equity
for the Year Ended 31 January 2017

	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>
Changes in equity				
Total comprehensive income	-	2,484,226	-	2,484,226
Balance at 31 January 2017	<u>6,050</u>	<u>2,442,222</u>	<u>1,676,391</u>	<u>4,124,663</u>

The notes form part of these financial statements

TKC Sales Newco Limited (Registered number: 09349321)

Consolidated Cash Flow Statement
for the Year Ended 31 January 2017

		Year Ended 31.1.17 £	Period 10.12.14 to 31.1.16 £
	Notes		
Cash flows from operating activities			
Cash generated from operations	27	443,359	1,367,543
Interest paid		(157,702)	(133,003)
Tax paid		(91,436)	(109,191)
Net cash from operating activities		<u>194,221</u>	<u>1,125,349</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(16,228)	(10,099)
Purchase of tangible fixed assets		(20,843)	(37,539)
Sale of tangible fixed assets		15,901	7,400
Purchase of subsidiary (net of cash acq)		-	(5,049,094)
Interest received		578	116
Net cash from investing activities		<u>(20,592)</u>	<u>(5,089,216)</u>
Cash flows from financing activities			
New bank loans in year		-	1,070,000
Bank loan repayments		(223,444)	(570,000)
Other loans in the year		102,821	1,430,000
Share issue		-	1,682,441
Net cash from financing activities		<u>(120,623)</u>	<u>3,612,441</u>
Increase/(decrease) in cash and cash equivalents		<u>53,006</u>	<u>(351,426)</u>
Cash and cash equivalents at beginning of year	28	<u>(351,426)</u>	-
Cash and cash equivalents at end of year	28	<u><u>(298,420)</u></u>	<u><u>(351,426)</u></u>

The notes form part of these financial statements

Notes to the Consolidated Financial Statements
for the Year Ended 31 January 2017

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 General 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 group'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 group 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 Year Ended 31 January 2017

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 initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software is being amortised evenly over its estimated useful life of nil years.

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 group 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.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 January 2017

3. ACCOUNTING POLICIES - continued

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

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 the group under leases which transfer to the group 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 Year Ended 31 January 2017

3. ACCOUNTING POLICIES - continued

Financial instruments

The group 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 adversely 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 Year Ended 31 January 2017

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/group if:

- (i) the party has the ability, directly or indirectly, through one or more intermediaries, to control the company/group or exercise significant influence over the company/group in making financial and operating policy decisions, or has joint control over the company/group;
- (ii) the company/group and the party are subject to common control;
- (iii) the party is an associate of the company/group or a joint venture in which the company/group 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/group or of any entity that is a related party of the company/group.

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 group 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 Year Ended 31 January 2017

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:

	Year Ended 31.1.17 £	Period 10.12.14 to 31.1.16 £
United Kingdom	10,184,371	8,521,084
Rest of the world	590,169	795,162
	<u>10,774,540</u>	<u>9,316,246</u>

5. EMPLOYEES AND DIRECTORS

The average number of employees during the period was 28 (2016: 30).

	Year Ended 31.1.17 £	Period 10.12.14 to 31.1.16 £
Directors' remuneration	212,603	208,279
Directors' pension contributions to money purchase schemes	<u>36,285</u>	<u>31,409</u>

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

Money purchase schemes	<u>2</u>	<u>2</u>
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Information regarding the highest paid director is as follows:

	Year Ended 31.1.17 £	Period 10.12.14 to 31.1.16 £
Emoluments etc	147,422	146,673
Pension contributions to money purchase schemes	<u>371</u>	<u>127</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 January 2017

6. OPERATING PROFIT

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

	Year Ended 31.1.17 £	Period 10.12.14 to 31.1.16 £
Hire of plant and machinery	50	2,381
Depreciation - owned assets	25,716	37,983
Loss on disposal of fixed assets	1,184	1,384
Goodwill amortisation	123,706	123,706
Computer software amortisation	3,740	-
Auditors' remuneration	12,900	9,500
Auditors' remuneration for non audit work	2,250	-
Foreign exchange differences	2,338	(23,187)
Stock expense included within cost of sales	7,850,307	6,569,917
Rental of offices and warehouse	94,753	87,692
	<u> </u>	<u> </u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year Ended 31.1.17 £	Period 10.12.14 to 31.1.16 £
Bank interest	36,820	47,879
Other loan interest	102,821	98,394
Derivative financial instrument at fair value	18,061	85,124
	<u> </u>	<u> </u>
	<u>157,702</u>	<u>231,397</u>

8. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	Year Ended 31.1.17 £	Period 10.12.14 to 31.1.16 £
Current tax:		
UK corporation tax	112,854	158,883
Corporation tax relating to prior period	(47)	-
Total current tax	<u>112,807</u>	<u>158,883</u>
Deferred tax	<u>(7,604)</u>	<u>(7,252)</u>
Tax on profit	<u>105,203</u>	<u>151,631</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 January 2017

8. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

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

	Year Ended 31.1.17 £	Period 10.12.14 to 31.1.16 £
Profit before tax	408,369	407,895
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2016 - 20%)	81,674	81,579
Effects of:		
Expenses not deductible for tax purposes	(2,862)	(13,858)
Adjustments to tax charge in respect of previous periods	(47)	-
Transition adjustments	-	58,970
Change in rate of tax	-	988
Consolidation adjustment	24,741	33,143
Other adjustments	1,697	(9,191)
Total tax charge	105,203	151,631

9. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

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.

10. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Computer software £	Totals £
COST			
At 1 February 2016	1,237,056	10,099	1,247,155
Additions	-	16,228	16,228
At 31 January 2017	1,237,056	26,327	1,263,383
AMORTISATION			
At 1 February 2016	123,706	-	123,706
Amortisation for year	123,706	3,740	127,446
At 31 January 2017	247,412	3,740	251,152
NET BOOK VALUE			
At 31 January 2017	989,644	22,587	1,012,231
At 31 January 2016	1,113,350	10,099	1,123,449

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 January 2017

11. TANGIBLE FIXED ASSETS

Group	Improvements to property £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 February 2016	11,994	238,004	116,480	366,478
Additions	7,275	13,568	-	20,843
Disposals	(2,415)	(35,959)	(48,942)	(87,316)
	<u>16,854</u>	<u>215,613</u>	<u>67,538</u>	<u>300,005</u>
At 31 January 2017				
DEPRECIATION				
At 1 February 2016	11,994	215,879	53,598	281,471
Charge for year	2,223	11,262	12,231	25,716
Eliminated on disposal	(2,415)	(35,845)	(31,971)	(70,231)
	<u>11,802</u>	<u>191,296</u>	<u>33,858</u>	<u>236,956</u>
At 31 January 2017				
NET BOOK VALUE				
At 31 January 2017	<u>5,052</u>	<u>24,317</u>	<u>33,680</u>	<u>63,049</u>
At 31 January 2016	<u>-</u>	<u>22,125</u>	<u>62,882</u>	<u>85,007</u>

12. FIXED ASSET INVESTMENTS

Company	Shares in group undertakings £
COST	
At 1 February 2016 and 31 January 2017	<u>5,143,980</u>
NET BOOK VALUE	
At 31 January 2017	<u>5,143,980</u>
At 31 January 2016	<u>5,143,980</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 January 2017

12. FIXED ASSET INVESTMENTS - continued

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

Registered office: The Old Spitfire Hanger, The Strand, Steeple Ashton, Trowbridge, Wiltshire. BA14 6EP.

Nature of business: Non trading

Class of shares:	% holding	2017	2016
Ordinary	100.00	£	£
Aggregate capital and reserves		2,931,695	2,931,695
Profit for the year/period		2,528,120	-

13. STOCKS

	Group	
	2017	2016
	£	£
Stocks	3,217,673	3,161,783

Stock is stated after provisions for impairment of £154,965 (2016: £293,805).

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	2017	2016
	£	£
Trade debtors	1,904,240	1,611,396
Derivative financial instrument at fair value	13,797	31,858
Deferred tax asset	10,693	5,616
Prepayments and accrued income	78,497	55,618
	2,007,227	1,704,488

Deferred tax asset

	Group	
	2017	2016
	£	£
Deferred tax	10,693	5,616

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

	2017	2016
	£	£
An impairment loss was recognised against trade debtors	25,000	25,000

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 January 2017

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
(see note 17)	621,219	618,879	-	-
Trade creditors	389,267	439,613	-	-
Amounts owed to group undertakings	-	-	-	2,528,120
Tax	112,854	91,483	-	-
Social security and other taxes	177,009	122,949	-	-
Accruals and deferred income	219,355	158,631	-	-
	<u>1,519,704</u>	<u>1,431,555</u>	<u>-</u>	<u>2,528,120</u>

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans (see note 17)	20,833	270,833	-	-
Other loans (see note 17)	2,387,738	2,284,917	1,019,317	975,423
	<u>2,408,571</u>	<u>2,555,750</u>	<u>1,019,317</u>	<u>975,423</u>

17. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	365,496	389,712	-	-
Bank loans	255,723	229,167	-	-
	<u>621,219</u>	<u>618,879</u>	<u>-</u>	<u>-</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	20,833	250,000	-	-
	<u>20,833</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	-	20,833	-	-
Other loans - 2-5 years	2,387,738	2,284,917	1,019,317	975,423
	<u>2,387,738</u>	<u>2,305,750</u>	<u>1,019,317</u>	<u>975,423</u>

18. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 January 2017

Group

	Non-cancellable operating leases	
	2017	2016
	£	£
Within one year	103,953	107,697
Between one and five years	18,920	122,873
	<u>122,873</u>	<u>230,570</u>

19. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans	276,556	500,000	-	-
Other loans	2,387,738	2,284,917	1,019,317	975,423
Invoice discounting	365,496	389,712	-	-
	<u>3,029,790</u>	<u>3,174,629</u>	<u>1,019,317</u>	<u>975,423</u>

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

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

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 W T 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.

Other loans represent the following:

- a) A loan from the director M W T 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 representing 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 Year Ended 31 January 2017

20. FINANCIAL INSTRUMENTS

Exposure to foreign currency, credit, liquidity and cash flow interest rate risks arises in the normal course of the group's 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 2017 the outstanding contracts all mature within six months of the year end. The group is committed to buy EUR500,000 and USD1,650,000 and pay a fixed sterling amount of £429,941 and £1,294,049 respectively (2016: EUR750,000 sterling of £541,752).

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 £13,797 (2016: £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:	2017 £	2016 £
6,050	Ordinary	£1	<u>6,050</u>	<u>6,050</u>

At 31 January 2017 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 Year Ended 31 January 2017

22. RESERVES

Group

	Retained earnings £	Share premium £	Other reserves £	Totals £
At 1 February 2016	433,160	1,676,391	10,107	2,119,658
Profit for the year	303,166			303,166
Share based payment	-	-	10,107	10,107
At 31 January 2017	<u>736,326</u>	<u>1,676,391</u>	<u>20,214</u>	<u>2,432,931</u>

Company

	Retained earnings £	Share premium £	Totals £
At 1 February 2016	(42,004)	1,676,391	1,634,387
Profit for the year	2,484,226		2,484,226
At 31 January 2017	<u>2,442,222</u>	<u>1,676,391</u>	<u>4,118,613</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 reserves - 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 £1,019,317). 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 Year Ended 31 January 2017

24. RELATED PARTY DISCLOSURES - continued

M W T Woodruffe - Director

M W T Woodruffe has a loan to the company of £1,430,000 (amortised cost £1,368,421 (2016: £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.

Key management personnel compensation

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

	2017	2016
	£	£
Salaries and other short term benefits	<u>256,377</u>	<u>235,745</u>

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 2017 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 2017 together with £2,527 deferred tax.

The corresponding credit has been recorded in 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.

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

	Year Ended	Period
	31.1.17	10.12.14
	£	to
		31.1.16
		£
Profit before taxation	408,369	407,895
Depreciation charges	153,163	161,689
Loss on disposal of fixed assets	1,184	1,384
Share based payment	12,634	12,634
Finance costs	157,702	231,397
Finance income	(578)	(116)
	<u>732,474</u>	<u>814,883</u>
(Increase)/decrease in stocks	(55,890)	494,618
(Increase)/decrease in trade and other debtors	(297,663)	67,431
Increase/(decrease) in trade and other creditors	64,438	(9,389)
	<u>443,359</u>	<u>1,367,543</u>
Cash generated from operations		

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 January 2017

28. 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:

Year ended 31 January 2017

	31.1.17	1.2.16
	£	£
Cash and cash equivalents	67,076	38,286
Bank overdrafts	(365,496)	(389,712)
	<u>(298,420)</u>	<u>(351,426)</u>

Period ended 31 January 2016

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