Company Registration No. SC213667 (Scotland)

MAXIIM LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2018

MAXIIM LIMITED

COMPANY INFORMATION

Directors	M W Antliff A J Walker T Stark C Owens
Secretary	M W Antliff
Company number	SC213667
Registered office	19 Law Place Nerston Industrial Estate EAST KILBRIDE G74 4QL
Auditor	Johnston Carmichael LLP 227 West George Street GLASGOW G2 2ND

MAXIIM LIMITED

CONTENTS

MAXIIM LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MAY 2018

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

Fair review of the business
The company's principal activity during the year continued to be the distribution of products to UK high street retailers in both bulk shipments and Drop Ship direct to consumers.

The Key financial and other performance indicators during the year were as follows:

	2018	**2017**	**Change**
	£'000	£'000	%
Turnover	12,541	13,742	-8.7%
Gross Profit	1,250	1,424	-12.2%
Gross Margin	9.9%	10.4%	-0.5%
Operating Profit	317	444	-28.6%
Operating Margin	2.5%	3.2%	-0.7%
Profit before Tax	303	438	-30.8%
PBT Margin	2.4%	3.2%	-0.8%
Current assets as % of current liabilities ('quick ratio')	296%	246%	+50%
Average number of employees	25	25	0%

The significant growth in the Gross Profit Margin achieved in 2017 has reduced slightly in the current year from 10.4% to 9.9% in what remains a highly competitive environment. We have invested in new people and continue our strategy of introducing new suppliers, customers and new product categories to create a more diverse business model. Whilst this has resulted in a lower Operating Profit in 2018, the board believe that there will be a return on this investment in the next 12 – 18 months as new products come to the UK market.

The growth in the financial strength of the company continues with an increased balance sheet value this year at £4.118m (2017 - £3.975m).

Principal risks and uncertainties
The company operates within a very competitive environment where pricing continues to be a significant risk. These risks are well compensated by having a highly competent and experienced management team in place and a strong market exposure as a best in class value add distribution partner.

On behalf of the board

....
M W Antliff
Director
11/12/18

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2018

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

Principal activities
The principal activity during the year was the distribution and resale of equipment such as portable satellite navigation, wearable technology, e-reader / tablet devices and other consumer electronic devices.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M W Antliff	
A J Walker	
D A Cumming	(Resigned 13 March 2018)
T Stark	
C Owens	

Results and dividends
The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £104,900. The directors do not recommend payment of a final dividend.

Auditor
The auditors, Johnston Carmichael LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

....
M W Antliff
Director
Date: 11/12/18........

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MAY 2018

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAXIIM LIMITED

Opinion

We have audited the financial statements of Maxiim Limited (the 'company') for the year ended 31 May 2018 which comprise Profit and Loss Account, Balance Sheet and Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- *the financial statements are not in agreement with the accounting records and returns; or*
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's responsibilities for the audit of the financial statements (continued)
As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP

Gavin Young (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

24/12/18

Chartered Accountants
Statutory Auditor

227 West George Street
GLASGOW
G2 2ND

MAXIIM LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 2018

	Notes	2018 £	2017 £
Turnover	3	12,541,179	13,742,408
Cost of sales		(11,291,074)	(12,318,709)
Gross profit		1,250,105	1,423,699
Distribution costs		(208,313)	(209,739)
Administrative expenses		(791,536)	(825,425)
Other operating income		66,945	55,150
Operating profit	4	317,201	443,685
Interest payable and similar expenses	7	(13,842)	(5,232)
Profit before taxation		303,359	438,453
Taxation	8	(54,712)	(47,729)
Profit for the financial year	18	248,647	390,724
Total comprehensive income for the year		248,647	390,724

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

MAXIIM LIMITED

BALANCE SHEET

AS AT 31 MAY 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Intangible assets	10		98,505		128,718
Tangible assets	11		62,203		73,845
			160,708		202,563
Current assets					
Stocks	12	739,204		886,027	
Debtors	13	3,918,332		4,374,060	
Cash at bank and in hand		1,347,537		1,146,487	
		6,005,073		6,406,574	
Creditors: amounts falling due within one year	14	(2,028,933)		(2,605,819)	
Net current assets			3,976,140		3,800,755
Total assets less current liabilities			4,136,848		4,003,318
Provisions for liabilities	15		(18,539)		(28,756)
Net assets			4,118,309		3,974,562
Capital and reserves					
Called up share capital			100		100
Profit and loss reserves	18		4,118,209		3,974,462
Total equity			4,118,309		3,974,562

The financial statements were approved by the board of directors and authorised for issue on 11/12/18 and are signed on its behalf by:

....
M W Antliff
Director

Company Registration No. SC213667

MAXIIM LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2018

	Notes	Share capital	Profit and loss reserves	Total
		£	£	£
Balance at 1 June 2016		100	3,583,738	3,583,838
Year ended 31 May 2017:				
Profit and total comprehensive income for the year		-	390,724	390,724
Balance at 31 May 2017		100	3,974,462	3,974,562
Year ended 31 May 2018:				
Profit and total comprehensive income for the year		-	248,647	248,647
Dividends	9	-	(104,900)	(104,900)
Balance at 31 May 2018		100	4,118,209	4,118,309

1 Accounting policies

Company information

Maxiim Limited is a private company limited by shares incorporated in Scotland. The registered office is 19 Law Place, Nerston Industrial Estate, EAST KILBRIDE, G74 4QL.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity under FRS 102 Section 1.12 on the grounds that its ultimate parent company (Eagle 25 Limited) prepares publicly available consolidated financial statements in which the company's results are included. These financial statements are available from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh EH3 9FF.

The company has therefore taken the following exemptions under the reduced disclosure framework of FRS 102:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' – Certain disclosure requirements included in paragraphs 11.41 to 11.48C as equivalent disclosures are included within the consolidated financial statements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents amounts receivable for goods net of VAT and trade discounts.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Intangible fixed assets other than goodwill

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following basis:

Software development costs	6 years straight line

1 Accounting policies **(Continued)**

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	10 years straight line
Computer equipment	5 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the profit and loss account.

1.6 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss account.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost consists of purchase invoice plus transport and handling costs less trade discounts where applicable.

Stock is valued based on the average cost price of each item multiplied by the number of items held.

At each reporting date, stocks are reviewed for slow-moving items and an appropriate provision is made against those. The provision is recognised as a loss in the profit and loss account. Such items are identified by reviewing the last date of purchase and the percentage of items sold in relation to the number of units held at the reporting date.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and cash balances held under invoice finance facilities.

1 Accounting policies **(Continued)**

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts owed from fellow group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

Impairment of financial assets

Financial assets, other than those held at fair value through the profit and loss account, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including trade and other creditors and amounts owed to fellow group undertakings, are initially recognised at transaction price.

Debt Instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1 Accounting policies **(Continued)**

Derecognition of financial liabilities

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

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are recognised as part of the cost of intangible fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1 Accounting policies **(Continued)**

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Provision for stock obsolecence

As described in note 1.7 to the financial statements, stocks are reviewed at each reporting date for slow-moving items and an appropriate provision is made against those. Such items are identified by reviewing the last date of purchase, known customer ordering patterns and the percentage of items sold in relation to the number of units held at the reporting date.

Recoverability of debtors

Debtors are stated in the accounts at their transaction price less any appropriate provision for irrecoverable amounts. In determining if a provision is required, the directors exercise judgement considering both the overall economic environment and how this impacts each debtor as well as considering any specific indicators that the recoverability of the balance may be in doubt.

Useful life of intangible fixed assets

The estimated useful lives of intangible assets are outlined in note 1.4. Useful lives have been assessed based on historical experience and the periods over which management believe future economic benefits to be derived.

3 Turnover and other revenue

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

	2018	2017
	£	£
Turnover analysed by class of business		
Sale of goods	12,541,179	13,742,408

3 Turnover and other revenue (Continued)

	2018	2017
	£	£
Turnover analysed by geographical market		
UK	12,178,879	13,465,309
Non UK	362,300	277,099
	12,541,179	13,742,408

4 Operating profit

	2018	2017
Operating profit for the year is stated after charging/(crediting):	£	£
Exchange losses/(gains)	(16,410)	5,111
Fees payable to the company's auditor for the audit of the company's financial statements	13,300	13,300
Depreciation of owned tangible fixed assets	22,395	22,287
Amortisation of intangible assets	59,243	75,479
Cost of stocks recognised as an expense	11,291,074	12,318,709
Operating lease charges	49,331	53,331

5 Employees

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

	2018	2017
	Number	Number
Administration	15	18
Selling and distribution	10	7
	25	25

	2018	2017
	£	£
Wages and salaries	442,704	444,392
Social security costs	37,006	39,294
Pension costs	4,303	1,526
	484,013	485,212

6 Directors' remuneration

	2018	2017
	£	£
Remuneration for qualifying services	121,167	117,799

7 Interest payable and similar expenses

	2018	2017
	£	£
Other interest	13,842	5,232
	13,842	5,232

8 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	69,128	70,063
Adjustments in respect of prior periods	(4,199)	(15,061)
Total current tax	64,929	55,002
Deferred tax		
Origination and reversal of timing differences	(10,217)	(8,446)
Changes in tax rates	-	(2,188)
Previously unrecognised tax loss, tax credit or timing difference	-	3,361
Total deferred tax	(10,217)	(7,273)
Total tax charge	54,712	47,729

8 Taxation **(Continued)**

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018	2017
	£	£
Profit before taxation	303,359	438,453
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.83%)	57,638	86,945
Tax effect of expenses that are not deductible in determining taxable profit	71	633
Adjustments in respect of prior years	(4,199)	(15,061)
Effect of change in corporation tax rate	-	(768)
Group relief	-	(3,664)
Research and development tax credit	-	(23,717)
Deferred tax adjustments in respect of prior years	1,202	3,361
Taxation charge for the year	54,712	47,729

9 Dividends

	2018	2017
	£	£
Interim paid	104,900	-

10 Intangible fixed assets

	Software development costs
	£
Cost	
At 1 June 2017	724,540
Additions	29,030
At 31 May 2018	753,570
Amortisation and impairment	
At 1 June 2017	595,822
Amortisation charged for the year	59,243
At 31 May 2018	655,065
Carrying amount	
At 31 May 2018	98,505
At 31 May 2017	128,718

11 Tangible fixed assets

	Fixtures and fittings	Computer equipment	Total
	£	£	£
Cost			
At 1 June 2017	119,938	76,922	196,860
Additions	-	10,753	10,753
At 31 May 2018	119,938	87,675	207,613
Depreciation and impairment			
At 1 June 2017	67,232	55,783	123,015
Depreciation charged in the year	11,897	10,498	22,395
At 31 May 2018	79,129	66,281	145,410
Carrying amount			
At 31 May 2018	40,809	21,394	62,203
At 31 May 2017	52,706	21,139	73,845

12 Stocks

	2018	2017
	£	£
Finished goods and goods for resale	739,204	886,027

13 Debtors

Amounts falling due within one year:	2018 £	2017 £
Trade debtors	1,304,386	1,427,629
Amounts due from fellow group undertakings	2,238,524	2,698,209
Other debtors	223,530	106,209
Prepayments and accrued income	151,892	142,013
	3,918,332	4,374,060

14 Creditors: amounts falling due within one year

	2018 £	2017 £
Invoice finance	40,383	26,463
Trade creditors	1,585,498	2,218,829
Corporation tax	89,140	53,586
Other taxation and social security	217,512	142,870
Other creditors	63,060	124,746
Accruals and deferred income	33,340	39,325
	2,028,933	2,605,819

Invoice financing is secured over the debtors to which it relates.

15 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	16	18,539	28,756

16 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Balances:	Liabilities 2018 £	Liabilities 2017 £
ACAs	18,539	28,756

16 Deferred taxation (Continued)

Movements in the year:	2018 £
Liability at 1 June 2017	28,756
Credit to profit or loss	(10,217)
Liability at 31 May 2018	18,539

The deferred tax liability set out above is expected to reverse in future years and relates to accelerated capital allowances that are expected to mature.

17 Retirement benefit schemes

Defined contribution schemes	2018 £	2017 £
Charge to profit or loss in respect of defined contribution schemes	4,303	1,526

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

18 Reserves

Profit and loss reserves
Profit and loss reserves represent accumulated comprehensive income or expenditure for the year and prior periods less dividends paid.

19 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018	2017
	£	£
Within one year	52,331	52,331
Between two and five years	56,692	109,023
	109,023	161,354

20 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sale of goods	
	2018	2017
	£	£
Other related parties	94,186	70,451

	Costs recharged		Services received	
	2018	2017	2018	2017
	£	£	£	£
Entities under common control	23,555	28,744	52,331	52,331

The company has taken advantage of the exemption available in FRS 102 Section 33 "Related Party Disclosures" whereby it has not disclosed transactions with the immediate parent company or any wholly owned subsidiary undertaking of the group.

The following amounts were outstanding at the reporting end date:

	2018	2017
	Balance	Balance
Amounts owed by related parties	£	£
Entities under common control	118,765	102,896
Other related parties	13,398	6,111

20 Related party transactions **(Continued)**

The company has also provided a cross-guarantee in respect of the bank borrowings of entities under common control.

21 Controlling party

The immediate parent undertaking is The Works Factory Limited which has its registered office at 19 Law Place, Nerston Industrial Estate, East Kilbride, Glasgow G74 4QL.

The ultimate parent undertaking is Eagle 25 Limited which has its registered office at 19 Law Place, Nerston Industrial Estate, East Kilbride, Glasgow G74 4QL. Eagle 25 Limited is controlled by M W Antliff.

Eagle 25 Limited is the largest group and The Works Factory Limited is the smallest group for which group accounts are prepared. Copies of group accounts can be obtained from the address as per note 1.1.