

Company Registration No. 2588842 (England and Wales)

AAK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017



AAK LIMITED

COMPANY INFORMATION

Directors	M I Kindler N Helfgott
Company number	2588842
Registered office	Acre House 11-15 William Road London NW1 3ER United Kingdom
Auditor	H W Fisher & Company Acre House 11-15 William Road London NW1 3ER United Kingdom
Business address	Suite 6, Accurist House 44 Baker Street London W1M 1DH Great Britain
Bankers	HSBC Bank Plc (Pall Mall, London) 69 Pall Mall London SW1Y 5EY

AAK LIMITED

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AAK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The directors present the strategic report for the year ended 30 June 2017.

Fair review of the business

The principal activity of the company continues to be that of clothing wholesalers.

The Company made a pre-tax loss of £582,225 (2016: pre-tax profit of £653,877). The turnover for the year under review was £17,806,656 compared to £15,508,884 the year before.

As the supplier contracts are largely in US Dollars and Euros there was a significant exchange loss following the Brexit vote which affected many companies purchasing from abroad. As a result the gross margin was significantly impacted during the period under review.

The company has since re-negotiated the trading terms with its customers so as to avoid such major fluctuation losses in the future.

At 30 June 2017, the company had net assets of £1,240,118 (2016: £2,023,264).

Principal risks and uncertainties

The principal risks and uncertainties facing the company relate to changes in consumer preferences and the following factors:-

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The company's policy throughout the year has been to ensure continuity and funding by working with the company's bankers.

Foreign Currency risk

The company is exposed to transaction foreign currency risk. The risk of currency fluctuations are mitigated by using foreign exchange banking facilities and advice.

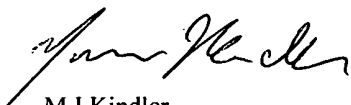
Credit risk

In order to manage credit risk the directors set limits for customers based on combination of payment history and third party references. Credit limits are reviewed regularly.

Key performance indicators

In the opinion of the directors the primary key performance indicator is gross profit margin. This has decreased from 10.83% in 2016 to 3.85% in 2017 as a result of the factors described above.

On behalf of the board



M I Kindler

Director

20 December 2017

AAK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The directors present their annual report and financial statements for the year ended 30 June 2017.

Principal activities

The principal activity of the company continues to be that of clothing wholesalers.

Directors

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

M I Kindler

N Helfgott

Results and dividends

The results for the year are set out on page 6.

Interim ordinary dividends were paid amounting to £322,000. The directors do not recommend payment of a final dividend.

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 I Kindler

Director

20 December 2017

AAK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

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.

AAK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AAK LIMITED

Opinion

We have audited the financial statements of AAK Limited (the 'company') for the year ended 30 June 2017 set out on pages 6 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 30 June 2017 and of its loss 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 our 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.

AAK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF AAK LIMITED

Matters on which we are required to report by exception

In the light of the 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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.

Navinchandra Thaker (Senior Statutory Auditor)

for and on behalf of H W Fisher & Company

Chartered Accountants

Statutory Auditor
Acre House
11-15 William Road
London
United Kingdom
NW1 3ER

20 December 2017

AAK LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £	2016 £
Turnover	3	17,806,656	15,508,884
Cost of sales (including exceptional foreign exchange loss)		(17,121,515)	(13,829,954)
Gross profit		685,141	1,678,930
Administrative expenses		(1,253,672)	(1,208,174)
Other operating income		67,457	59,435
Operating (loss)/profit	4	(501,074)	530,191
Interest payable and similar expenses	7	(81,151)	(51,314)
Fair value gains and losses on investment properties	11	-	175,000
(Loss)/profit before taxation		(582,225)	653,877
Taxation	8	121,079	(120,077)
(Loss)/profit for the financial year		(461,146)	533,800
Other comprehensive income		-	-
Total comprehensive income for the year		(461,146)	533,800

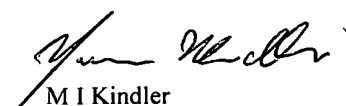
AAK LIMITED

BALANCE SHEET

AS AT 30 JUNE 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	10		17,348		19,686
Investment properties	11		1,940,000		1,940,000
			<u>1,957,348</u>		<u>1,959,686</u>
Current assets					
Stocks	13	2,086,984		2,689,615	
Debtors	14	1,936,204		1,463,170	
Cash at bank and in hand		871,635		2,271,887	
		<u>4,894,823</u>		<u>6,424,672</u>	
Creditors: amounts falling due within one year	15	<u>(5,557,992)</u>		<u>(6,284,645)</u>	
Net current (liabilities)/assets			<u>(663,169)</u>		<u>140,027</u>
Total assets less current liabilities			<u>1,294,179</u>		<u>2,099,713</u>
Provisions for liabilities	17		<u>(54,061)</u>		<u>(76,449)</u>
Net assets			<u><u>1,240,118</u></u>		<u><u>2,023,264</u></u>
Capital and reserves					
Called up share capital	21		290		290
Other reserves			783,142		796,454
Profit and loss reserves			<u>456,686</u>		<u>1,226,520</u>
Total equity			<u><u>1,240,118</u></u>		<u><u>2,023,264</u></u>

The financial statements were approved by the board of directors and authorised for issue on 20 December 2017 and are signed on its behalf by:


M I Kindler
Director

Company Registration No. 2588842

AAK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Share capital £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 July 2015		290	643,559	1,345,615	1,989,464
Year ended 30 June 2016:					
Profit and total comprehensive income for the year		-	-	533,800	533,800
Dividends	9	-	-	(500,000)	(500,000)
Other movements		-	152,895	(152,895)	-
Balance at 30 June 2016		290	796,454	1,226,520	2,023,264
Year ended 30 June 2017:					
Loss and total comprehensive income for the year		-	-	(461,146)	(461,146)
Dividends	9	-	-	(322,000)	(322,000)
Other movements		-	(13,312)	13,312	-
Balance at 30 June 2017		290	783,142	456,686	1,240,118

AAK LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	26	(465,398)		1,517,582	
Interest paid		(81,151)		(51,314)	
Income taxes paid		(98,691)		(144,686)	
Net cash (outflow)/inflow from operating activities		(645,240)		1,321,582	
Investing activities					
Purchase of tangible fixed assets		(1,813)		(2,106)	
Net cash used in investing activities		(1,813)		(2,106)	
Financing activities					
Dividends paid		(322,000)		(500,000)	
Net cash used in financing activities		(322,000)		(500,000)	
Net (decrease)/increase in cash and cash equivalents		(969,053)		819,476	
Cash and cash equivalents at beginning of year		(67,013)		(886,489)	
Cash and cash equivalents at end of year		(1,036,066)		(67,013)	
Relating to:					
Cash at bank and in hand		871,635		2,271,887	
Bank facilities included in creditors payable within one year		(1,907,701)		(2,338,900)	

AAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

Company information

AAK Limited is a private company limited by shares incorporated in England and Wales. The registered office is Acre House, 11-15 William Road, London, United Kingdom, NW1 3ER.

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 under the historical cost convention, modified to include the revaluation of investment properties and to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The board has given regard to the forecasts, orders in hand and the continued support of the directors. 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 and services supplied 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 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 provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	20% reducing balance
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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 profit or loss.

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

Deferred tax arising on the investment properties following revaluations is included within other reserves, which include the revaluation reserve.

AAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

(Continued)

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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).

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks and bank facilities. Bank facilities are shown within borrowings in current liabilities.

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 debtors 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 unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, 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 profit or loss.

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 profit or loss.

AAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

(Continued)

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

Basic financial liabilities, including creditors and bank facilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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. Amounts payable 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.

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 Forward foreign exchange contracts

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.12 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.

AAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

(Continued)

Deferred tax

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or 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.

1.14 Retirement benefits

The company makes payments to defined contributions pension schemes. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

1.15 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

The company participates in a share-based payment arrangement granted to a certain employee of the company. Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the directors' valuation and agreed with HMRC.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.16 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.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

AAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

(Continued)

1.17 Foreign exchange

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are taken to profit and loss account.

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.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below:-

- Investment properties – are stated at fair value as determined by the Directors. In determining the fair value of the investment properties, the directors made use of historical and current market data as well as existing lease agreements.

3 Turnover and other revenue

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

4 Operating (loss)/profit

	2017	2016
	£	£
Operating (loss)/profit for the year is stated after charging:		
Exchange losses	659,608	-
Fees payable to the company's auditor for the audit of the company's financial statements	9,422	14,823
Depreciation of owned tangible fixed assets	4,151	4,724
Cost of stocks recognised as an expense	16,461,907	13,829,954
Operating lease charges	98,690	120,421

Exchange differences recognised in profit or loss during the year are for the foreign exchange loss which arose from the Brexit vote.

AAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

5 Employees

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

	2017 Number	2016 Number
Sales and administration	16	15

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	596,893	587,870
Social security costs	56,537	58,994
Pension costs	9,503	9,153
	662,933	656,017

6 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	101,480	101,480
Company pension contributions to defined contribution schemes	9,153	9,153
	110,633	110,633

7 Interest payable and similar expenses

	2017 £	2016 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank facilities	78,434	51,314
Other finance costs:		
Other interest	2,717	-
	81,151	51,314

AAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

8 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	-	98,691
Adjustments in respect of prior periods	(98,691)	-
Total current tax	(98,691)	98,691
Deferred tax		
Origination and reversal of timing differences	(22,388)	21,386
Total tax (credit)/charge	(121,079)	120,077

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

	2017 £	2016 £
(Loss)/profit before taxation	(582,225)	653,877
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.75% (2016: 20.00%)	(114,989)	130,775
Tax effect of expenses that are not deductible in determining taxable profit	3,807	2,591
Permanent capital allowances in excess of depreciation	(10,760)	325
Other tax adjustments	863	-
Deferred tax timing differences	-	(13,614)
Taxation (credit)/charge for the year	(121,079)	120,077

9 Dividends

	2017 £	2016 £
Interim paid	322,000	500,000

AAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

10 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 July 2016	99,567
Additions	1,813
At 30 June 2017	101,380
Depreciation and impairment	
At 1 July 2016	79,881
Depreciation charged in the year	4,151
At 30 June 2017	84,032
Carrying amount	
At 30 June 2017	17,348
At 30 June 2016	19,686

11 Investment property

	2017 £
Fair value	
At 1 July 2016 and 30 June 2017	1,940,000

The fair value of the investment property has been arrived at on the basis of a valuation carried out by the Directors at 30 June 2017.

In June 2015 the properties were valued by Lambert Chartered Surveyors and Bruton Knowles, who are RICS registered valuers and are not connected with the company. The valuations were made on an open market value basis by reference to market evidence of transaction prices for similar properties.

12 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,800,025	1,422,043
Carrying amount of financial liabilities		
Measured at amortised cost	5,446,554	6,127,253

AAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

13 Stocks

	2017 £	2016 £
Raw materials and consumables	1,261,247	1,426,216
Finished goods and goods for resale	825,737	1,263,399
	<u>2,086,984</u>	<u>2,689,615</u>

14 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	1,776,140	1,401,326
Corporation tax recoverable	98,691	-
Other debtors	23,885	20,717
Prepayments and accrued income	37,488	41,127
	<u>1,936,204</u>	<u>1,463,170</u>

15 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank facilities	16	1,907,701	2,338,900
Trade creditors		2,085,180	2,238,220
Corporation tax		-	98,691
Other taxation and social security		111,438	58,701
Other creditors		1,188,576	1,231,435
Accruals and deferred income		265,097	318,698
		<u>5,557,992</u>	<u>6,284,645</u>

16 Loans and overdrafts

	2017 £	2016 £
Bank facilities	1,907,701	2,338,900
	<u>1,907,701</u>	<u>2,338,900</u>

The bank facilities are secured by a debenture over all the assets of the company and a first legal charge over one of the investment properties owned by the company.

AAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

17 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	18	54,061	76,449

18 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:

	Liabilities 2017 £	Liabilities 2016 £
Balances:		
Accelerated capital allowances	(5,533)	3,543
Investment property	59,594	72,906
	<u>54,061</u>	<u>76,449</u>
Movements in the year:		2017 £
Liability at 1 July 2016		76,449
Credit to profit or loss		(9,076)
Credit to reserves		(13,312)
Liability at 30 June 2017		<u>54,061</u>

19 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>9,503</u>	<u>9,153</u>

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.

AAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

20 Share-based payment transactions

During the year ended 30 June 2017, the company had two equity-settled share-based payment arrangements with an employee, which are detailed below.

Enterprise Management Incentive ("EMI") Scheme

Date of Grant: 28 May 2010.

Number Granted: 66.

Contractual Life: 10 years.

Vesting requirements: There are no vesting conditions attached to the share options.

The exercise price of each share option granted is £758.

Date of Grant: 27 June 2011

Number Granted: 34.

Contractual Life: 10 years.

Vesting requirements: There are no vesting conditions attached to the share options.

The exercise price of each share option granted is £1,600.

At 30 June 2017 all share options were outstanding and exercisable.

21 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
200 Ordinary shares of £1 each	200	200
90 Ordinary 'A' shares of £1 each	90	90
	<u>290</u>	<u>290</u>

The ordinary 'A' shares were issued at £1,600 each but only £1 per share called up.

Both the ordinary shares and ordinary "A" shares rank pari passu.

22 Financial commitments, guarantees and contingent liabilities

The company has given a guarantee in favour of HM Revenue & Customs for £400,000.

AAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

23 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:

	2017 £	2016 £
Within one year	58,333	70,000
Between two and five years	-	58,333
	<u>58,333</u>	<u>128,333</u>

Lessor

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2017 £	2016 £
Within one year	29,467	41,600
Between two and five years	-	29,467
	<u>29,467</u>	<u>71,067</u>

24 Related party transactions

At 30 June 2017, the company owed £1,158,259 (2016: £1,158,239) to a company controlled by a director.

At 30 June 2017, the company owed £1,588 (2016: £45,077) to the directors of the company.

At 30 June 2017, there are expense claims of £92,868 (2016: £94,512) included within accruals owed to the directors.

25 Controlling party

The director, M I Kindler is the controlling party by virtue of his shareholding in the issued ordinary share capital of the company.

AAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

26 Cash generated from operations

	2017 £	2016 £
(Loss)/profit for the year after tax	(461,146)	533,800
Adjustments for:		
Taxation (credited)/charged	(121,079)	120,077
Finance costs	81,151	51,314
Fair value gains and losses on foreign exchange contracts and investment properties	-	(175,000)
Depreciation and impairment of tangible fixed assets	4,151	4,724
Movements in working capital:		
Decrease in stocks	602,631	669,035
(Increase) in debtors	(374,343)	(332,683)
(Decrease)/increase in creditors	(196,763)	646,315
Cash (absorbed by)/generated from operations	(465,398)	1,517,582
