

Company Registration No. 03010238 (England and Wales)

**SUN MARK LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 AUGUST 2017**



# SUN MARK LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Dr R S Ranger CBE Mr H S Ahuja
<b>Secretary</b>	Mrs Renu Ranger
<b>Company number</b>	03010238
<b>Registered office</b>	Sun House 428 Long Drive Greenford Middlesex UB6 8UH
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London United Kingdom EC4A 4AB

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# SUN MARK LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 AUGUST 2017

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The directors present the strategic report for the year ended 31 August 2017.

#### **Fair review of the business and future developments**

The company has had another positive year with steady growth in both revenues and profits. Despite ongoing economic turbulence in key African markets and unsettled political situations in Middle Eastern and North African countries we have been able to deliver a sound performance.

Turnover increased to £165.1m (2016: £161.1m). Gross profit increased to £14.2m (2016: £11.6m) despite the challenging market conditions in key export markets. In addition, Gross margin has improved in the year to 8.6% (2016: 7.2%). Operating profits increased to £6.6m (2016: £6.3m). The company continued to invest in its core brands and key markets as it is confident that some of the unsettled conditions are improving.

The statement of financial position has improved year on year with net assets increasing to £38.0m (2016: £33.0m).

We believe the outlook for the coming year is more promising than over the last few years and the direction the company is taking is helping it to reap more business from both existing sources as well as new ones.

#### **Principal risks and uncertainties**

The principal risks of the company are foreign exchange fluctuations, credit risk, interest rate risk and political risk.

#### **Foreign exchange fluctuations**

The company makes sales and purchases in foreign currencies and so is exposed to fluctuations in these currencies. It continually monitors its foreign exchange risk and may consider entering into foreign exchange contracts if considered appropriate in the future.

#### **Credit risk**

The company strictly monitors amounts outstanding from customers and grants credit only to established customers.

#### **Interest rate risk**

The company ensures that it has sufficient cash to meet interest payments. The level of borrowing is low relative to the size of the company.

#### **Political risk**

The company constantly monitors international markets and looks for opportunities to build and develop in new regions.

#### **Strategy**

The strategic aims of the company are as follows:

- Develop new own brand products in response to tastes in end user markets
- Expand the distribution footprint to cover other emerging markets
- Build on existing distributor relationships to grow turnover

## SUN MARK LIMITED


### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

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#### Key performance indicators

	2017	2016
	£	£
Turnover	165,087,755	161,124,828
Gross profit	14,210,678	11,530,726
Operating profit	6,635,915	6,288,803

On behalf of the board



Mr H S Aruja

Director

27/2/2018

# SUN MARK LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2017

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The directors present their annual report and financial statements for the year ended 31 August 2017.

#### Principal activities

The principal activity of the company continued to be that of the distribution and export of food and consumer products both overseas and in the UK.

#### Directors

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

Dr R S Ranger CBE  
Mr H S Ahuja

#### Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### Political donations

During the year the company made the following contributions:

The Conservative Party	£423,615
Conservatives Friend of Israel	£5,000
Friends of Speaker Bercow	£5,000

In addition to the above the company made £27,457 (2016: £21,550) of Charitable donations.

#### Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

#### Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

#### Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors 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.

## SUN MARK LIMITED

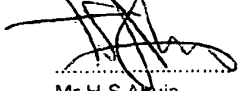
### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

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#### 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 next twelve months. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

On behalf of the board



Mr H S Anuja

Director

22.12.2018

## **SUN MARK LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 AUGUST 2017**

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The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUN MARK LIMITED

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### Opinion

We have audited the financial statements of Sun Mark Limited for the year ended 31 August 2017 which comprise the Statement of Comprehensive Income, the Statement Of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows 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 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 31 August 2017 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUN MARK LIMITED (CONTINUED)

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### 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 5, 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.

*RSM UK Audit LLP*

Suneel Gupta FCA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

United Kingdom

22/2/2018

## SUN MARK LIMITED

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2017

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	Notes	2017 £	2016 £
Turnover	3	165,087,755	161,124,828
Cost of sales		(150,877,077)	(149,594,102)
<b>Gross profit</b>		<b>14,210,678</b>	<b>11,530,726</b>
Distribution costs		(1,736,925)	(2,363,270)
Administrative expenses		(6,467,277)	(3,530,356)
Other operating income		629,439	651,703
<b>Operating profit</b>	4	<b>6,635,915</b>	<b>6,288,803</b>
Interest receivable and similar income	9	14,970	15,613
Interest payable and similar expenses	10	(184,481)	(186,650)
Other gains and losses	8	-	1,267,167
<b>Profit before taxation</b>		<b>6,466,404</b>	<b>7,384,933</b>
Taxation	11	(1,425,868)	(1,525,527)
<b>Profit for the financial year</b>	28	<b>5,040,536</b>	<b>5,859,406</b>

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**SUN MARK LIMITED****STATEMENT OF FINANCIAL POSITION  
AS AT 31 AUGUST 2017**

	Notes	2017		2016	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	14		3,292,663		740,475
Tangible assets	13		4,040,164		4,122,694
Investment properties	15		7,268,408		7,252,283
Investments	16		893,302		63,808
			<u>15,494,537</u>		<u>12,179,260</u>
<b>Current assets</b>					
Stocks	19	2,460,591		3,952,661	
Debtors	18	51,576,241		40,385,965	
Cash at bank and in hand		<u>3,954,151</u>		<u>4,659,964</u>	
			57,990,983		48,998,590
<b>Creditors: amounts falling due within one year</b>	20	<u>(30,947,828)</u>		<u>(23,296,319)</u>	
<b>Net current assets</b>			27,043,155		25,702,271
<b>Total assets less current liabilities</b>			<u>42,537,692</u>		<u>37,881,531</u>
<b>Creditors: amounts falling due after more than one year</b>	21		(4,323,709)		(4,710,852)
<b>Provisions for liabilities</b>	25		<u>(119,210)</u>		<u>(116,442)</u>
<b>Net assets</b>			<u>38,094,773</u>		<u>33,054,237</u>
<b>Capital and reserves</b>					
Called up share capital	27		170,000		170,000
Fair value reserves	28		451,000		451,000
Profit and loss reserves	28		<u>37,473,773</u>		<u>32,433,237</u>
<b>Total equity</b>			<u>38,094,773</u>		<u>33,054,237</u>

The financial statements were approved by the board of directors and authorised for issue on 27/2/2018 and are signed on its behalf by:

  
.....  
Mr H S Ahuja  
Director

## SUN MARK LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2017

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		Share capital	Other reserves	Profit and loss reserves	Total
	Notes	£	£	£	£
<b>Balance at 1 September 2015</b>		170,000	451,000	26,786,331	27,407,331
<b>Year ended 31 August 2016:</b>					
Profit and total comprehensive income for the year		-	-	5,859,406	5,859,406
Dividends	12	-	-	(212,500)	(212,500)
<b>Balance at 31 August 2016</b>		170,000	451,000	32,433,237	33,054,237
<b>Year ended 31 August 2017:</b>					
Profit and total comprehensive income for the year		-	-	5,040,536	5,040,536
<b>Balance at 31 August 2017</b>		170,000	451,000	37,473,773	38,094,773

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## SUN MARK LIMITED

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017		2016	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	29	(1,159,841)		(839,304)	
Interest paid		(184,481)		(186,650)	
Income taxes paid		(129,961)		(216,228)	
<b>Net cash outflow from operating activities</b>		<b>(1,474,383)</b>		<b>(1,242,182)</b>	
<b>Investing activities</b>					
Purchase of intangible assets		(2,759,573)		(69,571)	
Proceeds on disposal of intangibles		1,596		-	
Purchase of tangible fixed assets		(39,550)		(58,050)	
Purchase of investment property		(16,125)		(29,537)	
Purchase of subsidiaries		(829,494)		-	
Purchase of fixed asset investments		-		(4,025)	
Interest received		14,970		15,613	
<b>Net cash used in investing activities</b>		<b>(3,628,176)</b>		<b>(145,570)</b>	
<b>Financing activities</b>					
Proceeds of new bank loans		4,805,834		-	
Repayment of bank loans		(409,088)		(405,989)	
Dividends paid		-		(431,087)	
<b>Net cash generated from/(used in) financing activities</b>		<b>4,396,746</b>		<b>(837,076)</b>	
<b>Net decrease in cash and cash equivalents</b>		<b>(705,813)</b>		<b>(2,224,828)</b>	
Cash and cash equivalents at beginning of year		4,659,964		6,884,792	
<b>Cash and cash equivalents at end of year</b>		<b>3,954,151</b>		<b>4,659,964</b>	

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# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

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### 1 Accounting policies

#### Company information

Sun Mark Limited is a private company limited by shares incorporated in England and Wales. The registered office is Sun House, 428 Long Drive, Greenford, Middlesex, UB6 8UH.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

#### 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 pound.

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

#### Group accounts

The financial statements present information about the company as an individual entity and not about its group. The company has taken advantage of the exemption under section 402 of the Companies Act 2006 not to prepare consolidated accounts on the basis that its subsidiary undertakings are not material to the company.

#### 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 next twelve months. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### Turnover

Turnover predominantly represents the value, net of Value Added Tax, of goods sold to customers during the year. Turnover is recognised when goods are despatched.

#### Intangible fixed assets other than goodwill

Intangible assets are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

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 bases:

Trademarks and Patents	10% - 20% straight line
Other intangible fixed assets	20% straight line

#### Tangible fixed assets

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

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

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### 1 Accounting policies (Continued)

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

Freehold buildings	50 years straight line
Freehold improvements	50 years straight line
Plant and machinery	25% reducing balance
Fixtures, fittings and equipment	25% reducing balance
Computer equipment	25% reducing balance
Motor vehicles	25% reducing balance

Land is not depreciated

#### Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured using the fair value model and stated at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the statement of comprehensive income.

#### Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in statement of comprehensive income.

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

#### Impairment of fixed assets

At each reporting period 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 profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

#### Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Provision is made for obsolete and slow moving items.

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 statement of comprehensive income.

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

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### 1 Accounting policies (Continued)

#### **Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks.

#### **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 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, amount due from subsidiary undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost being the transaction price less any amounts settled and impairment losses.

#### **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.

#### **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 trade and other creditors, bank loans, 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 payments discounted at a market rate of interest.

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



# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

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### 1 Accounting policies (Continued)

#### ***Other financial liabilities***

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in statement of comprehensive income, as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

#### ***Derecognition of financial liabilities***

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

#### ***Equity instruments***

Equity instruments issued by the company are recorded at the fair value of 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.

#### ***Taxation***

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

For investment properties measured at fair value, deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

#### ***Employee benefits***

The costs of short-term employee benefits are recognised as a liability and an expense.

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

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

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### 1 Accounting policies (Continued)

#### **Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

#### **Rental income**

Rental income on operating leases is recognised as the rent becomes receivable.

#### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to statement of comprehensive income, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

### 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.

#### **Critical judgements and estimates**

The following judgments and estimates have had the most significant effect on amounts recognised in the financial statements.

#### **Valuation of investment properties**

Investment properties measured at fair value at each reporting date with any revaluation gains or losses recognised in profit or loss. The accuracy of any such valuation will be affected by unexpected changes to the economic situation, and assumptions which differ from actual outcomes. As such, judgement is applied when determining the fair value of the investment properties.

# SUN MARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 3 Turnover and other revenue

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

	2017 £	2016 £
<b>Turnover analysed by class of business</b>		
Turnover from principal activities	165,087,755	161,124,828
	<u>165,087,755</u>	<u>161,124,828</u>
<b>Other revenue</b>		
Interest income	14,970	15,613
Rent receivable	629,439	635,241
Taxation refunded on loans to participators	-	16,462
	<u>644,409</u>	<u>667,316</u>
<b>Turnover analysed by geographical market</b>		
	2017 £	2016 £
Rest of the world	147,926,831	140,752,940
United Kingdom	17,160,924	20,371,888
	<u>165,087,755</u>	<u>161,124,828</u>
<b>4 Operating profit</b>		
	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	197,311	(1,728,006)
Depreciation of owned tangible fixed assets	122,080	125,425
Amortisation of intangible assets	205,789	199,330
Cost of stocks recognised as an expense	150,787,767	149,516,578
	<u>375,966</u>	<u>173,809</u>
<b>5 Auditor's remuneration</b>		
	2017 £	2016 £
Fees payable to the company's auditor and its associates:		
<b>For audit services</b>		
Audit of the company's financial statements	36,500	34,500
	<u>36,500</u>	<u>34,500</u>
<b>For other services</b>		
Accounts preparation services	3,750	3,000
Other advisory services	-	17,500
	<u>3,750</u>	<u>20,500</u>

## SUN MARK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

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#### 6 Employees

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

	2017 Number	2016 Number
Administration and support	43	42
Sales, marketing and distribution	32	31
Directors	2	2
	<u>77</u>	<u>75</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	2,286,939	2,124,776
Social security costs	265,748	243,276
Pension costs	17,227	15,790
	<u>2,569,914</u>	<u>2,383,842</u>

#### 7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	<u>120,000</u>	<u>120,000</u>

No directors are accruing any benefits under a money purchase pension scheme (2016: Nil).

#### 8 Other gains and losses

	2017 £	2016 £
<b>Fair value gains on financial instruments</b>		
Change in the value of financial liabilities held at fair value through profit or loss	-	1,267,167
	<u>-</u>	<u>1,267,167</u>

## SUN MARK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

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#### 11 Taxation (Continued)

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	6,466,404	7,384,933
Expected tax charge based on the standard rate of corporation tax in the UK of 19.59% (2016: 20.00%)	1,266,769	1,476,987
Tax effect of expenses that are not deductible in determining taxable profit	147,499	68,345
Tax effect of income not taxable in determining taxable profit	(104)	(253,433)
Depreciation on assets not qualifying for tax allowances	8,936	2,675
Movement on deferred taxation	2,768	230,954
Other taxation adjustments	-	(1)
Tax expense for the year	1,425,868	1,525,527

#### 12 Dividends

	2017 £	2016 £
Interim paid	-	212,500

**SUN MARK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

13 Tangible fixed assets		Freehold buildings	Plant and machinery	Fixtures, fittings and equipment	Computer equipment	Motor vehicles	Total
		£	£	£	£	£	£
<b>Cost</b>							
At 1 September 2016		4,593,409	313,975	321,737	385,503	6,224	5,620,848
Additions		-	-	11,214	17,786	10,550	39,550
At 31 August 2017		4,593,409	313,975	332,951	403,289	16,774	5,660,398
<b>Depreciation and impairment</b>							
At 1 September 2016		718,470	254,832	253,136	267,021	4,695	1,498,154
Depreciation charged in the year		61,285	12,955	17,530	28,716	1,594	122,080
At 31 August 2017		779,755	267,787	270,666	295,737	6,289	1,620,234
<b>Carrying amount</b>							
At 31 August 2017		3,813,654	46,188	62,285	107,552	10,485	4,040,164
At 31 August 2016		3,874,939	59,143	68,601	118,482	1,529	4,122,694

## SUN MARK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

9	Interest receivable and similar Income	2017 £	2016 £
	Interest income		
	Interest on bank deposits	14,970	15,613
		<u>14,970</u>	<u>15,613</u>
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	14,970	15,613
		<u>14,970</u>	<u>15,613</u>
10	Interest payable and similar expenses	2017 £	2016 £
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts and loans	184,481	173,484
	Other finance costs:		
	Other interest	-	13,166
		<u>184,481</u>	<u>186,650</u>
		<u>184,481</u>	<u>186,650</u>
11	Taxation	2017 £	2016 £
	Current tax		
	UK corporation tax on profits for the current year	1,423,100	1,294,573
		<u>1,423,100</u>	<u>1,294,573</u>

## SUN MARK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

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#### 1 Accounting policies (Continued)

##### *Other financial liabilities*

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in statement of comprehensive income, as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

##### *Derecognition of financial liabilities*

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

##### *Equity instruments*

Equity instruments issued by the company are recorded at the fair value of 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.

##### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax



## SUN MARK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

#### 14 Intangible fixed assets

	Trademarks and Patents	Other intangible fixed assets	Total
	£	£	£
<b>Cost</b>			
At 1 September 2016	1,242,318	-	1,242,318
Additions - separately acquired	37,532	2,722,041	2,759,573
Disposals	(1,596)	-	(1,596)
At 31 August 2017	<u>1,278,254</u>	<u>2,722,041</u>	<u>4,000,295</u>
<b>Amortisation and impairment</b>			
At 1 September 2016	501,843	-	501,843
Amortisation charged for the year	205,789	-	205,789
At 31 August 2017	<u>707,632</u>	<u>-</u>	<u>707,632</u>
<b>Carrying amount</b>			
At 31 August 2017	<u>570,622</u>	<u>2,722,041</u>	<u>3,292,663</u>
At 31 August 2016	<u>740,475</u>	<u>-</u>	<u>740,475</u>

Other intangible fixed assets relates to an exclusive distribution agreement which was acquired during the year. The full value of other intangible fixed assets will be amortized over 5 years, which is considered the expected life of such assets given the length of the agreement.

#### 15 Investment property

	2017 £
<b>Fair value</b>	
At 1 September 2016	7,252,283
Additions through external acquisition	16,125
At 31 August 2017	<u>7,268,408</u>

Investment property comprises residential and commercial properties. The fair value of the investment property has been arrived at on the basis of a valuation carried out by the directors. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

On a historical cost basis the investment properties would have been included at an original cost of £6,718,408 (2016: £6,702,283).

## SUN MARK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

#### 16 Fixed asset investments

	Notes	2017 £	2016 £
Investments in subsidiaries	17	864,290	34,796
Listed investments		24,987	24,987
Unlisted investments		4,025	4,025
		<u>893,302</u>	<u>63,808</u>
<b>Listed investments included above:</b>			
Listed investments carrying amount		<u>24,987</u>	<u>24,987</u>

The director believe that the carrying value of listed investments are materially similar to the market value at the 31 August 2017.

On 1 September 2016 the company acquired 49% of the share capital in Sun Mark Global General Trading LLC, a company incorporated in UAE for cash consideration of £829,494, and has control of this entity.

#### Movements in fixed asset investments

	Shares in subsidiary undertakings	Other investments other than loans	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 September 2016	34,796	29,012	63,808
Additions	829,494	-	829,494
At 31 August 2017	<u>864,290</u>	<u>29,012</u>	<u>893,302</u>
<b>Carrying amount</b>			
At 31 August 2017	<u>864,290</u>	<u>29,012</u>	<u>893,302</u>
At 31 August 2016	<u>34,796</u>	<u>29,012</u>	<u>63,808</u>

## SUN MARK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

#### 17 Subsidiaries

Details of the company's subsidiaries at 31 August 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Friendship Films Limited	8 Freetrade House, Lowther Road, Stanmore, Middlesex, England, HA7 1EP	Non-trading	Ordinary	100	
Sun Oil International Marketing Company Limited	Plot 280, Ajosead eogunstreet victoria island, Lagos State, Nigeria	Dormant	Ordinary	50	
Sun Mark Global General Trading LLC	PO Box 233190, Near Ai Ras Station, Behind RAK Bank, Deira, Dubai, UAE	Distributors and Wholesaler of Food Products	Ordinary	49	

#### 18 Debtors

	2017	2016
Amounts falling due within one year:	£	£
Trade debtors	36,311,293	25,523,833
Amounts due from subsidiary undertakings	33,893	195,515
VAT recoverable	1,844,932	726,422
Other debtors	13,359,565	13,905,009
Prepayments and accrued income	26,558	35,186
	<u>51,576,241</u>	<u>40,385,965</u>

#### 19 Stocks

	2017	2016
	£	£
Finished goods and goods for resale	<u>2,460,591</u>	<u>3,952,661</u>

## SUN MARK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

#### 20 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	22	5,571,169	787,280
Trade creditors		21,122,994	18,679,698
Corporation tax		2,699,588	1,406,449
Other taxation and social security		75,775	66,723
Other creditors		299,632	664,738
Accruals and deferred income		1,178,670	1,691,431
		<u>30,947,828</u>	<u>23,296,319</u>

#### 21 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	22	<u>4,323,709</u>	<u>4,710,852</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	<u>2,774,024</u>	<u>3,237,709</u>
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#### 22 Borrowings

	2017 £	2016 £
Bank loans	<u>9,894,878</u>	<u>5,498,132</u>
Payable within one year	5,571,169	787,280
Payable after one year	<u>4,323,709</u>	<u>4,710,852</u>

The bank loans are secured by fixed charges over certain properties and repayable by instalments.

Interest rates on loans are variable and range between 1.9% and 3.4% per annum.

The loans mature between 2022 and 2030.

## SUN MARK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

#### 23 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 £
<b>Balances:</b>		
Accelerated capital allowances	20,210	17,442
Assets measured at fair value	99,000	99,000
	<u>119,210</u>	<u>116,442</u>
		2017 £
<b>Movements in the year:</b>		
Liability at 1 September 2016		116,442
Charge to comprehensive income		2,768
		<u>119,210</u>

The deferred tax liability set out above relates to accelerated capital allowances and fair value gain on investment properties.

#### 24 Financial instruments

	2017 £	2016 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	49,704,751	39,624,357
Equity instruments measured at cost less impairment	4,025	4,025
Equity Instruments measured at fair value through profit or loss	24,987	24,987
	<u>                    </u>	<u>                    </u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	32,496,174	26,533,999
	<u>                    </u>	<u>                    </u>

#### 25 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	23	119,210	116,442
		<u>119,210</u>	<u>116,442</u>

## SUN MARK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

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<b>26 Retirement benefit schemes</b>		
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	17,227	15,790
	<u>17,227</u>	<u>15,790</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.

<b>27 Share capital</b>		
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Ordinary share capital issued and fully paid</b>		
170,000 Ordinary shares of £1 each	170,000	170,000
	<u>170,000</u>	<u>170,000</u>

The ordinary shares have attached to them full voting, dividend and capital distribution rights.

#### **28 Reserves**

##### **Profit and loss reserves**

Profit and loss reserves represent accumulated earnings of the business net of distributions to owners.

##### **Fair value reserves**

The cumulative fair value gains and losses in respect of investment properties net of associated deferred tax.

#### **29 Cash generated from operations**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Profit for the year after tax	5,040,536	5,859,406
<b>Adjustments for:</b>		
Taxation charged	1,425,868	1,525,527
Finance costs	184,481	186,650
Investment income	(14,970)	(15,613)
Amortisation and impairment of intangible assets	205,789	199,330
Depreciation and impairment of tangible fixed assets	122,080	125,425
Other gains and losses	-	(1,267,167)
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	1,492,070	(372,816)
(Increase) in debtors	(11,190,276)	(4,902,185)
Increase/(decrease) in creditors	1,574,481	(2,177,861)
<b>Cash absorbed by operations</b>	<u>(1,159,941)</u>	<u>(839,304)</u>

## SUN MARK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

#### 30 Related party transactions

##### Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	2017 £	2016 £
Aggregate compensation	<u>134,311</u>	<u>134,311</u>

##### Transactions with related parties

Relationship	Description of transaction	Value of transactions in the period		Balance at period end	
		2017 £	2016 £	2017 £	2016 £
Common Control Entities	Purchase of freight services	4,558,638	5,024,144	1,298,658	(1,099,466)
Common Control Entities	Dividends	Nil	12,500	Nil	Nil
Common Control Entities	Loans	8,236	2,545,208	5,953,918	5,383,788
Common Control Entities	Management fees	1,111,774	1,497,621	5,269,755	4,149,260
Common Control Entities	Sales & Purchases	10,070,555	6,125,174	8,511,314	4,504,947
Directors, secretary & shareholders	Dividends and salaries	50,000	250,000	Nil	Nil

The above balances are included within trade debtors, other debtors or trade creditors, as appropriate.

There are no further transactions with related parties which are required to be disclosed under FRS 102 Section 33: Related Party Disclosures.

#### 31 Controlling party

The company is controlled by Dr R Ranger who along with his wife, Mrs R Ranger, and through an associated company control 100% of the called up share capital.