

Apelson Appliances UK Limited

Report and Financial Statements

Year Ended

31 December 2016

Company Number 08265471

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Apelson Appliances UK Limited

Company Information

Director	A C Rutland
Company secretary	Jordan Cosec Limited
Registered number	08265471
Registered office	20-22 Bedford Row London WC1R 4JS
Independent auditors	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL

Apelson Appliances UK Limited

Contents

	Page
Strategic Report	1
Director's Report	2
Director's Responsibilities Statement	3
Independent Auditors' Report	4 - 5
Statement of Income and Retained Earnings	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 - 20

Apelson Appliances UK Limited

Strategic Report For the Year Ended 31 December 2016

The director presents the strategic report together with the audited financial statements for the year ended 31 December 2016.

Principal activities

The principal activities of the company continue to be the import and distribution of kitchen appliances and the provision of after sales support services.

Business review

Turnover for the year was £12.16m (2015 - £14.15m). The reduction in turnover is the result of the company significantly reducing its expenditure on pay-per-click advertising, focusing on enhancing profitability on a lower sales volume.

The UK marketplace for the company's portfolio of products continues to be affected by world factors which in turn influence consumer confidence. This can have both positive and negative effects on the company's results but efforts are constantly made to control costs and identify efficiency savings whilst at the same time improve customer service and deliver long-term benefits.

Principal risks and uncertainties

Exchange rates

As the company imports products priced in US Dollars the company is impacted by exaggerated movements in the US Dollar exchange rate. This risk is mitigated by the ongoing support of CNA Group S.A. Exchange rate losses during the year were £541k (2015 - £176k).

Credit risk

The company supplies goods on credit and is therefore liable to suffer bad debts. The company enters into credit insurance arrangements to mitigate this risk. The company has not suffered from any material bad debts in the last two years.

Liquidity risk

The company relies on the ongoing support of CNA Group S.A., who have given their support since the company was formed in October 2012, and who have guaranteed continuing support for a period of not less than twelve months from the date of the signing of these accounts.

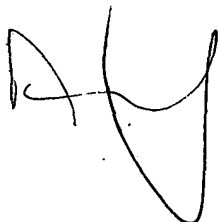
Financial key performance indicators

The key performance indicators of the company are as follows:

- Revenue - decreased by 14% to £12.16m (2015 - £14.15m)
- Profit before tax - £249k (2015 Loss before tax - £206k)

This report was approved by the board on 7 - 6 - 2017 and signed on its behalf.

A C Rutland
Director



Apelson Appliances UK Limited

Director's Report For the Year Ended 31 December 2016

The director presents his report together with the audited financial statements for the year ended 31 December 2016.

Results and dividends

The profit for the year, after taxation, amounted to £185,698 (2015 - loss £167,345).

No dividends were paid in either 2016 or 2015.

Business review

A review of the business and its principal risks and uncertainties is set out in the strategic report on page 1 of these financial statements.

Director

The director who served during the year was:

A C Rutland

Disclosure of information to auditors

The director at the time when this director's report is approved has confirmed that:

- so far as is aware, there is no relevant audit information of which the company's auditors are unaware, and
- has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 7-6-2017 and signed on its behalf.

A C Rutland
Director



Apelson Appliances UK Limited

Director's Responsibilities Statement For the Year Ended 31 December 2016

The director is responsible for preparing the strategic report, the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the director must not approve the financial statements unless he is satisfied that he gives 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 director is required to:

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

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Apelson Appliances UK Limited

Independent Auditor's report to the members of Apelson Appliances UK Limited

We have audited the financial statements of Apelson Appliances UK Limited for the year ended 31 December 2016 which comprise the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of director's responsibilities, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of the profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other 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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the strategic report and director's report have been prepared in accordance with applicable legal requirements.

Apelson Appliances UK Limited

Independent Auditor's report to the members of Apelson Appliances UK 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 or the director's 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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

Mark Langford (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory auditor
Leeds
United Kingdom

18 JUNE 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Apelson Appliances UK Limited

Statement of Income and Retained Earnings For the Year Ended 31 December 2016

	Note	2016 £	As restated 2015 £
Turnover	4	12,157,674	14,149,581
Cost of sales		(9,001,680)	(11,110,351)
Gross profit		3,155,994	3,039,230
Distribution costs		(714,458)	(1,262,192)
Administrative expenses		(2,212,770)	(1,983,706)
Operating profit/(loss)	5	228,766	(206,668)
Interest receivable and similar income		57	-
Profit/(loss) before tax		228,823	(206,668)
Tax on profit/(loss)	8	(43,125)	39,323
Profit/(loss) after tax		185,698	(167,345)
Retained earnings at the beginning of the year		(114,819)	52,526
Profit/(loss) for the year		185,698	(167,345)
Retained earnings at the end of the year		70,879	(114,819)

The results above are generated from continuing operations.

The notes on pages 10 to 20 form part of these financial statements.

Apelson Appliances UK Limited
Registered number:08265471

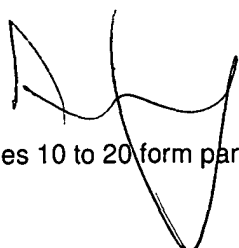
Statement of Financial Position
As at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	9	327,647	328,416
Current assets			
Stocks	10	2,302,300	2,594,089
Debtors	11	925,600	999,870
Cash at bank and in hand		209,214	134,784
		<u>3,437,114</u>	<u>3,728,743</u>
Creditors: amounts falling due within one year	12	(3,284,136)	(3,768,306)
Net current assets/(liabilities)		<u>152,978</u>	<u>(39,563)</u>
Total assets less current liabilities		<u>480,625</u>	<u>288,853</u>
Provisions for liabilities			
Deferred tax	14	(26,908)	-
Other provisions	15	(362,838)	(383,672)
Net assets/(liabilities)		<u><u>90,879</u></u>	<u><u>(94,819)</u></u>
Capital and reserves			
Called up share capital	17	20,000	20,000
Profit and loss account	18	70,879	(114,819)
Total equity/(deficit)		<u><u>90,879</u></u>	<u><u>(94,819)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

7-6-2017

A C Rutland
Director



The notes on pages 10 to 20 form part of these financial statements.

Apelson Appliances UK Limited

Statement of Changes in Equity For the Year Ended 31 December 2016

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2016	20,000	(114,819)	(94,819)
Comprehensive loss for the year			
Profit for the year	-	185,698	185,698
Total comprehensive loss for the year	-	185,698	185,698
Total transactions with owners	-	-	-
At 31 December 2016	20,000	70,879	90,879

Statement of Changes in Equity For the Year Ended 31 December 2015

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2015	20,000	52,526	72,526
Comprehensive income for the year			
Loss for the year	-	(167,345)	(167,345)
Total comprehensive income for the year	-	(167,345)	(167,345)
Total transactions with owners	-	-	-
At 31 December 2015	20,000	(114,819)	(94,819)

The notes on pages 10 to 20 form part of these financial statements.

Apelson Appliances UK Limited

Statement of Cash Flows For the Year Ended 31 December 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit/(loss) for the financial year	185,698	(167,345)
Adjustments for:		
Depreciation of tangible assets	56,854	52,256
Loss on disposal of tangible assets	1,108	(1,120)
Interest received	(57)	-
Taxation charge/(credit)	43,125	(39,323)
Decrease in stocks	291,789	645,167
Decrease in debtors	71,803	658,703
Decrease in creditors	(490,488)	(1,842,610)
(Decrease)/increase in provisions	(20,834)	175,205
Net cash generated from / (used in) operating activities	138,998	(519,067)
Cash flows from investing activities		
Purchase of tangible fixed assets	(57,693)	(86,281)
Sale of tangible fixed assets	500	12,995
Interest received	57	-
Net cash used in investing activities	(57,136)	(73,286)
Cash flows from financing activities		
Proceeds from/ (repayment of) invoice financing facility	(7,432)	468,756
Net cash (used in)/ generated from financing activities	(7,432)	468,756
Net increase/(decrease) in cash and cash equivalents	74,430	(123,597)
Cash and cash equivalents at beginning of year	134,784	258,381
Cash and cash equivalents at the end of year	209,214	134,784
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	209,214	134,784

The notes on pages 10 to 20 form part of these financial statements.

Apelson Appliances UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

1. General information

Apelson Appliances UK Limited is a company limited by shares incorporated in England and Wales under the Companies Act 2006. The address of the registered office is shown on the company information page. The nature of the company's operations and its principal activities are outlined in the strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The director has prepared the financial statements on a going concern basis having considered the cash position of the company and future trading outlook.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Turnover

Revenue from the sale of goods is recognised when the company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the company will receive the previously agreed upon payment. These criteria are generally considered to be met on despatch of the goods.

Revenue from the maintenance of goods is recognised on a monthly basis in line with the costs incurred of providing the service.

2.3 Cost of sales and distribution costs

Cost of sales represent the direct costs to the business associated with generating revenue, being most significantly the cost of the stock sold.

Distribution costs are the related costs incurred by the company in shipping sales orders to the customer.

During the year the director has reassessed this accounting policy and as a result separated the presentation of these line items. As required under FRS 102 this change in accounting policy has been applied retrospectively and as a result a prior period restatement has been made – refer to note 19 for further detail.

Apelson Appliances UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold improvements	- Over 10 years
Plant and machinery	- 10 - 25% straight line basis
Motor vehicles	- 4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of income and retained earnings.

2.5 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the statement of income and retained earnings on a straight line basis over the lease term.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Apelson Appliances UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of income and retained earnings.

The financing liability relating to the invoice financing is shown gross as the ownership of the debt remains with the company therefore the financial asset is not derecognised.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the statement of financial position date. Any differences are taken to the statement of income and retained earnings.

2.12 Pensions

Contributions to the company's defined contribution pension scheme are charged to the statement of income and retained earnings in the year in which they become payable.

2.13 Interest income

Interest income is recognised in the statement of income and retained earnings using the effective interest method.

2.14 Borrowing costs

All borrowing costs are recognised in the statement of income and retained earnings in the year in which they are incurred.

2.15 Provisions for liabilities

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Apelson Appliances UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Key sources of estimation uncertainty

- **Tangible fixed assets (see note 9)**
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- **Stock provision (see note 10)**
The company estimates the impairment to the carrying value of stock by assessing the amount and value of obsolete and slow-moving stock, using their judgement of the future sales value generated by those stock items.
- **Warranty provision (see note 15)**
The warranty provision is measured at the best estimate of the expenditure required to settle future obligations on returned goods at the reporting date. The buyer has the right to claim for parts and labour for repairs within two years of buying a product and the right to claim for parts for an additional three years. Management estimates the repair costs based on actual costs incurred on similar sales.

Apelson Appliances UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

4. Turnover

All turnover arose within the United Kingdom in both years presented.

5. Operating profit/(loss)

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

	2016 £	2015 £
Depreciation of tangible fixed assets	56,854	52,256
Loss/(profit) on disposal of fixed assets	1,108	(1,120)
Fees payable to the company's auditor for the audit of the company's annual financial statements	13,700	12,377
Hire of other assets - operating leases	62,430	62,258
Inventory recognised as cost of sales	5,993,000	7,620,302
Exchange differences	541,199	175,602
	<u>5,729,081</u>	<u>7,925,415</u>

6. Employees

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	863,207	983,616
Social security costs	84,264	95,800
Cost of defined contribution scheme	114,045	120,362
	<u>1,061,516</u>	<u>1,199,778</u>

The average monthly number of employees, including the director, during the year was as follows:

2016 No.	2015 No.
<u>29</u>	<u>35</u>

7. Director's remuneration

The director received no emoluments direct from the company during the current year (2015 - £Nil).

The director is a nominee director and paid under an agreement between Jordan Cossec Limited and Apelson Appliances UK Limited. Total fees paid to Jordan Cossec Limited for the year were £5,047 (2015 - £3,427).

Apelson Appliances UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

8. Taxation

	2016 £	2015 £
Corporation tax		
Adjustments in respect of previous periods	-	(1,867)
Total current tax	-	(1,867)
Deferred tax		
Origination and reversal of timing differences	42,224	(33,422)
Adjustments in respect of previous periods	-	(2,122)
Changes to tax rates	901	(1,912)
Total deferred tax	43,125	(37,456)
Taxation on profit/(loss) on ordinary activities	43,125	(39,323)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Profit/(loss) on ordinary activities before tax	228,823	(206,668)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	45,725	(41,850)
Effects of:		
Fixed asset differences	1,678	1,844
Expenses not deductible for tax purposes	2,924	2,405
Adjustments to tax charge in respect of prior periods	-	(3,989)
Effect of changes in tax rates	(7,202)	2,267
Total tax charge for the year	43,125	(39,323)

Factors that may affect future tax charges

The company had unutilised tax losses available to carry forward of £58,458 (2015 - £243,588).

Apelson Appliances UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

9. Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2016	131,801	194,815	87,391	414,007
Additions	-	47,953	9,740	57,693
Disposals	-	-	(11,026)	(11,026)
At 31 December 2016	<u>131,801</u>	<u>242,768</u>	<u>86,105</u>	<u>460,674</u>
Depreciation				
At 1 January 2016	20,311	29,204	36,076	85,591
Charge for the year	13,180	21,789	21,885	56,854
Disposals	-	-	(9,418)	(9,418)
At 31 December 2016	<u>33,491</u>	<u>50,993</u>	<u>48,543</u>	<u>133,027</u>
Net book value				
At 31 December 2016	<u><u>98,310</u></u>	<u><u>191,775</u></u>	<u><u>37,562</u></u>	<u><u>327,647</u></u>
At 31 December 2015	<u><u>111,490</u></u>	<u><u>165,611</u></u>	<u><u>51,315</u></u>	<u><u>328,416</u></u>

10. Stocks

	2016 £	2015 £
Finished goods and goods for resale	1,855,422	1,855,277
Goods in transit	446,878	738,812
	<u><u>2,302,300</u></u>	<u><u>2,594,089</u></u>

There is no material difference between the replacement cost of stocks and the amounts stated above.

Apelson Appliances UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

11. Debtors

	2016 £	2015 £
Due after more than one year		
Other debtors	33,125	33,125
Due within one year		
Trade debtors	829,318	844,255
Other debtors	7,567	686
Prepayments and accrued income	55,590	103,720
Tax recoverable	-	1,867
Deferred taxation	-	16,217
	<u>925,600</u>	<u>999,870</u>

The impairment loss recognised in profit or loss for the year in respect of bad and doubtful trade debtors was £3,230 (2015 - £7,275).

12. Creditors: Amounts falling due within one year

	2016 £	2015 £
Invoice financing (secured)	461,324	468,756
Trade creditors	2,652,170	2,946,726
Other taxation and social security	33,931	175,701
Other creditors	136,711	177,123
	<u>3,284,136</u>	<u>3,768,306</u>

Advances in respect of invoice financing are secured on the book debts of the company.

Apelson Appliances UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

13. Financial instruments

	2016 £	2015 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>1,079,224</u>	<u>1,012,850</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(3,236,455)</u>	<u>(3,592,605)</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors and invoice financing.

14. Deferred taxation

	2016 £	2015 £
At beginning of year	16,217	(21,239)
(Charged)/ credited to the profit or loss	(43,125)	37,456
At end of year	<u>(26,908)</u>	<u>16,217</u>

The deferred taxation balance is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	(36,846)	(37,416)
Short term timing differences	-	37
Unutilised tax losses	9,938	53,596
	<u>(26,908)</u>	<u>16,217</u>

Apelson Appliances UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

15 Warranty provisions

	Warranty provisions £
At 1 January 2016	383,672
Charged to profit or loss	366,656
Utilised in year	(387,490)
At 31 December 2016	<u>362,838</u>

Warranty provisions relate to anticipated future after care costs which are expected to be settled within 2 years from the point of sale.

16. Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £114,045 (2015 - £120,362). Contributions amounting to £Nil (2015 - £207) were payable to the fund and are included in creditors at the year end.

17. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
200 ordinary shares of £100 each	<u>20,000</u>	<u>20,000</u>

All shares carry the right to one vote each, to participate in dividends of the company and in a return of capital arising from a winding up event.

18. Reserves

The company's capital and reserves are as follows:

Share capital

Called up share capital represents the nominal value of the shares issued.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Apelson Appliances UK Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

19. Prior year adjustment

During the year the director has reassessed the presentation of distribution costs within the income statement, and determined it appropriate to present these as a separate line item within operating costs.

As a result, the company has changed its accounting policy in respect of the presentation of certain distribution costs and an equivalent balance of £1,262,192 has been reclassified from cost of sales in the prior year and shown separately within operating costs.

This presentation change has no effect on profit for either year or on the cash flows of the company.

20. Commitments under operating leases

At 31 December 2016 the company had total future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	66,250	66,250
Later than 1 year and not later than 5 years	265,000	265,000
Later than 5 years	132,500	198,750
	<u>463,750</u>	<u>530,000</u>

21. Related party transactions

	2016 £	2015 £
Key management personnel remuneration		
Key management personnel remuneration	<u>158,304</u>	<u>158,993</u>

22. Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of Kingford Corporation Limited. The ultimate parent company is Prosperity Group Investment Limited which is incorporated in Seychelles.