

Apelson Appliances UK Limited

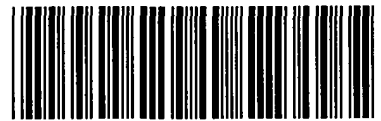
Report and Financial Statements

Year Ended

31 December 2014

Company Number 08265471

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Apelson Appliances UK Limited

Report and financial statements
for the year ended 31 December 2014

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Director

A C Rutland

Secretary and registered office

Jordan Cosec Limited, 20-22 Bedford Row, London, WC1R 4JS

Company number

08265471

Auditors

BDO LLP, 1 Bridgewater Place, Water Lane, Leeds

Apelson Appliances UK Limited

Report of the director for the year ended 31 December 2014

The director presents his report together with the audited financial statements for the year ended 31 December 2014.

Results

The profit and loss account is set out on page 5 and shows the profit for the year.

The comparative results are for the period from 23 October 2012 to 31 December 2013.

Principal activities

The principal activity is the retail of electrical goods and the maintenance of electrical goods.

Director

The director of the company during the year was:

A C Rutland

Director's responsibilities

The director is responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director 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 director is required to:

- select suitable accounting policies 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 them to ensure that the financial statements comply with the Companies Act 2006. The director 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

Report of the director for the year ended 31 December 2014 (*continued*)

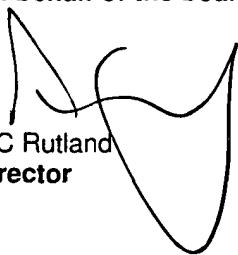
Auditors

The current director has taken all the steps that he ought to have taken to make himself aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The director is not aware of any relevant audit information of which the auditors are unaware.

The auditors, BDO LLP, are deemed to be re-appointed in accordance with section 487 of the Companies Act 2006.

In preparing this director's report advantage has been taken of the small companies' exemption.

On behalf of the board

 24.9.15
A C Rutland
Director

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 2014 which comprise the profit and loss account, the balance sheet 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 2014 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Apelson Appliances UK Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements and the director's report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.

BDO LLP  28.9.15

Mark Langford (*senior statutory auditor*)
For and on behalf of BDO LLP, *statutory auditor*
Leeds
United Kingdom

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

Apelson Appliances UK Limited

Profit and loss account for the year ended 31 December 2014

| | Note | Year ended 31 December 2014 £ | Period ended 31 December 2013 £ |
|------------------------------------------------------|------|-------------------------------------------|---------------------------------------------|
| Turnover | 2 | 8,891,417 | 2,569,743 |
| Cost of sales | | <u>7,197,294</u> | <u>1,777,674</u> |
| Gross profit | | 1,694,123 | 792,069 |
| Administrative expenses | | <u>1,683,791</u> | <u>726,769</u> |
| Profit on ordinary activities before taxation | | 10,332 | 65,300 |
| Taxation on profit on ordinary activities | 5 | <u>9,392</u> | <u>13,714</u> |
| Profit on ordinary activities after taxation | | <u>940</u> | <u>51,586</u> |

All amounts relate to continuing activities.

All recognised gains and losses in the current year and prior period are included in the profit and loss account.

The notes on pages 7 to 14 form part of these financial statements.

Apelson Appliances UK Limited

Balance sheet
at 31 December 2014

| <i>Company number 08265471</i> | Note | 31 December 2014 £ | 31 December 2014 £ | 31 December 2013 £ | 31 December 2013 £ |
|-------------------------------------------------------|------|--------------------------|--------------------------|--------------------------|--------------------------|
| Fixed assets | | | | | |
| Tangible assets | 6 | | 306,266 | | 122,670 |
| Current assets | | | | | |
| Stocks | 7 | 3,239,256 | | 588,179 | |
| Debtors | 8 | 1,640,489 | | 579,445 | |
| Cash at bank and in hand | | 258,381 | | 276,828 | |
| | | 5,138,126 | | 1,444,452 | |
| Creditors: amounts falling due within one year | 9 | 5,142,160 | | 1,483,684 | |
| Net current liabilities | | | (4,034) | | (39,232) |
| Total assets less current liabilities | | | 302,232 | | 83,438 |
| Provisions for liabilities | 10 | | 229,706 | | 11,852 |
| | | | 72,526 | | 71,586 |
| Capital and reserves | | | | | |
| Called up share capital | 12 | | 20,000 | | 20,000 |
| Profit and loss account | 13 | | 52,526 | | 51,586 |
| Shareholders' funds | 14 | | 72,526 | | 71,586 |

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the director and authorised for issue on

A C Rutland
Director

24.9.15

The notes on pages 7 to 14 form part of these financial statements.

Apelson Appliances UK Limited

Notes forming part of the financial statements for the year ended 31 December 2014

1 Accounting policies

The financial statements have been prepared under the historical cost convention.

The following principal accounting policies have been applied:

Going concern

At the period end the company had current liabilities of £4,034 and was reliant on the support of CNA Group S.A., a related party company. The directors have reviewed trading and cash flow forecasts and received a letter of support from CNA Group S.A. confirming financial support for a period of at least 12 months from the date of approval of these financial statements.

Therefore, the directors, after making suitable enquiries have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to prepare the financial statements on a going concern basis.

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 2006.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Turnover is recognised when the risks and rewards have passed to the customer which is generally on despatch of the goods.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

| | |
|--------------------------|--------------------------------|
| Leasehold property | - over 10 years |
| Plant and machinery etc. | - 10 - 25% straight line basis |

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and sale.

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 balance sheet date. Any differences are taken to the profit and loss account.

Apelson Appliances UK Limited

Notes forming part of the financial statements for the year ended 31 December 2014 (*continued*)

1 Accounting policies (*continued*)

Deferred taxation

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

- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Leased assets

Operating lease annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Provisions

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.

2 Turnover

Turnover arises solely within the United Kingdom.

3 Operating profit

| | Year ended 31 December 2014 £ | Period ended 31 December 2013 £ |
|-----------------------------------------------------------------------------------------|-------------------------------------------|---------------------------------------------|
| This is arrived at after charging/(crediting): | | |
| Depreciation of tangible fixed assets | 41,203 | 14,950 |
| Hire of other assets - operating leases | 61,886 | 12,439 |
| Fees payable to the company's auditor for the auditing of the company's annual accounts | 11,720 | 9,000 |
| Exchange differences | 320,273 | (28,875) |
| | <u> </u> | <u> </u> |

4 Director's remuneration

The director received no emoluments direct from the company during the current year (2013 - £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 £4,860 (2013: £5,324).

Apelson Appliances UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2014 (continued)

5 Taxation on profit on ordinary activities

| | Year ended 31 December 2014 £ | Period ended 31 December 2013 £ |
|------------------------------------------------|-------------------------------------------|---------------------------------------------|
| <i>UK Corporation tax</i> | | |
| Current tax on profits of the year/period | - | 1,862 |
| Adjustment in respect of previous periods | 5 | - |
| <i>Deferred tax</i> | | |
| Origination and reversal of timing differences | 9,392 | 11,852 |
| Adjustment in respect of previous periods | (5) | - |
| | <u>9,387</u> | <u>11,852</u> |
| Movement in deferred tax provision | 9,387 | 11,852 |
| | <u>9,392</u> | <u>13,714</u> |
| Taxation on profit on ordinary activities | <u>9,392</u> | <u>13,714</u> |

The tax assessed for the year/period is lower than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

| | Year ended 31 December 2014 £ | Period ended 31 December 2013 £ |
|----------------------------------------------------------------------------------------------------------|-------------------------------------------|---------------------------------------------|
| Profit on ordinary activities before tax | <u>10,332</u> | <u>65,300</u> |
| Profit on ordinary activities at the standard rate of corporation tax in the UK of 21.49 (2013 - 23%) | 2,220 | 15,019 |
| Effect of: | | |
| Expenses not deductible for tax purposes | 3,847 | 472 |
| Capital allowances for year/period in excess of depreciation | (27,088) | (13,629) |
| Utilisation of tax losses | 1,745 | - |
| Adjustment to tax charge in respect of previous periods | 5 | - |
| Unrelieved tax losses | 19,276 | - |
| | <u>5</u> | <u>1,862</u> |
| Current tax charge for the year/period | <u>5</u> | <u>1,862</u> |

The company had unutilised tax losses available to carry forward of £79,066 (2013: £nil).

Apelson Appliances UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2014 (*continued*)

6 Tangible fixed assets

| | Land and buildings £ | Plant and machinery etc £ | Total £ |
|---------------------------------------------|----------------------------|------------------------------------|----------------|
| <i>Cost or valuation</i> | | | |
| At 1 January 2014 | 17,764 | 119,856 | 137,620 |
| Additions | 99,847 | 139,458 | 239,305 |
| Disposals | - | (25,449) | (25,449) |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2014 | 117,611 | 233,865 | 351,476 |
| | <hr/> | <hr/> | <hr/> |
| <i>Depreciation</i> | | | |
| At 1 January 2014 | 148 | 14,802 | 14,950 |
| Provided for the year | 7,260 | 33,943 | 41,203 |
| Disposals | - | (10,943) | (10,943) |
| | <hr/> | <hr/> | <hr/> |
| Provided for the period at 31 December 2014 | 7,408 | 37,802 | 45,210 |
| | <hr/> | <hr/> | <hr/> |
| <i>Net book value</i> | | | |
| At 31 December 2014 | 110,203 | 196,063 | 306,266 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| At 31 December 2013 | 17,616 | 105,054 | 122,670 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

7 Stocks

| | 31 December 2014 £ | 31 December 2013 £ |
|-------------------------------------|--------------------------|--------------------------|
| Finished goods and goods for resale | 2,107,036 | 362,163 |
| Goods in transit | 1,132,220 | 226,016 |
| | <hr/> | <hr/> |
| | 3,239,256 | 588,179 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

Apelson Appliances UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2014 (*continued*)

8 Debtors

| | 31 December 2014 £ | 31 December 2013 £ |
|---------------------------------------------|--------------------------|--------------------------|
| Amounts receivable within one year | | |
| Trade debtors | 1,455,895 | 507,419 |
| Other debtors | 151,469 | 38,901 |
| | <u>1,607,364</u> | <u>546,320</u> |
| Amounts receivable after more than one year | | |
| Other debtors | 33,125 | 33,125 |
| | <u>33,125</u> | <u>33,125</u> |
| Total debtors | <u>1,640,489</u> | <u>579,445</u> |

9 Creditors: amounts falling due within one year

| | 31 December 2014 £ | 31 December 2013 £ |
|------------------------------------|--------------------------|--------------------------|
| Trade creditors | 4,784,136 | 204,068 |
| Amounts owed to group undertakings | 225,105 | 1,203,682 |
| Corporation tax | - | 1,862 |
| Other taxation and social security | 24,428 | 16,578 |
| Other creditors | 108,491 | 57,494 |
| | <u>5,142,160</u> | <u>1,483,684</u> |

10 Provisions for liabilities

| | Deferred taxation £ | Warranty provisions £ | Total £ |
|------------------------------------|---------------------------|-----------------------------|----------------|
| At 1 January 2014 | 11,852 | - | 11,852 |
| Charged to profit and loss account | 9,387 | 208,467 | 217,854 |
| | <u>21,239</u> | <u>208,467</u> | <u>229,706</u> |
| At 31 December 2014 | <u>21,239</u> | <u>208,467</u> | <u>229,706</u> |

Apelson Appliances UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2014 (*continued*)

10 Provisions for liabilities (*continued*)

Deferred taxation

| | 31 December 2014 £ | 31 December 2013 £ |
|--------------------------------|--------------------------|--------------------------|
| Accelerated capital allowances | 37,053 | 11,852 |
| Unutilised tax losses | (15,814) | - |
| | <u>21,239</u> | <u>11,852</u> |

Warranty provisions relate to anticipated future after care costs.

11 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 £147,903 (2013 - £32,041). Contributions amounting to £98 (2013 - £Nil) were payable to the fund and are included in creditors at the year end.

12 Share capital

| | 31 December 2014 £ | 31 December 2013 £ |
|-------------------------------------------|--------------------------|--------------------------|
| <i>Allotted, called up and fully paid</i> | | |
| 200 Ordinary shares of £1 each | <u>20,000</u> | <u>20,000</u> |

13 Reserves

| | Profit and loss account £ |
|---------------------|---------------------------------|
| At 1 January 2014 | 51,586 |
| Profit for the year | 940 |
| | <u>52,526</u> |
| At 31 December 2014 | <u>52,526</u> |

Apelson Appliances UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2014 (*continued*)

14 Reconciliation of movements in shareholders' funds

| | 31 December 2014 £ | 31 December 2013 £ |
|--------------------------------------|--------------------------|--------------------------|
| Profit for the year/period | 940 | 51,586 |
| Issue of shares | - | 20,000 |
| | 940 | 71,586 |
| Net additions to shareholders' funds | 940 | 71,586 |
| Opening shareholders' funds | 71,586 | - |
| | 72,526 | 71,586 |
| Closing shareholders' funds | 72,526 | 71,586 |

15 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

| | Land and buildings 31 December 2014 £ | Land and buildings 31 December 2013 £ |
|--------------------------------|---------------------------------------------------|---------------------------------------------------|
| Operating leases which expire: | | |
| In two to five years | 66,250 | - |
| After five years | - | 66,250 |
| | 66,250 | 66,250 |

Apelson Appliances UK Limited

Notes forming part of the financial statements
for the year ended 31 December 2014 (*continued*)

16 Related party disclosures

The company is a wholly owned subsidiary of Kingford Corporation Limited and has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with Kingford Corporation Limited or other wholly owned subsidiaries within the group.

Related party transactions and balances

| | Sales to related party £ | Purchases from related parties £ | Amounts owed by related parties £ | Amounts owed to related parties £ | Expenses paid on behalf of related party £ |
|---------------------------------------|--------------------------------|-------------------------------------------|-----------------------------------------------|-----------------------------------------------|--------------------------------------------------------|
| Global Asian Appliances HK Limited | 13,028 | 6,705,229 | 4,252,505 | 512,216 | 55,954 |

During the year Global Asian Appliances HK Limited was a fellow subsidiary undertaking of the group headed by CNA Group S.A. Following a group re-organisation in the period, Global Asian Appliances HK Limited is no longer a fellow group company.

Apelson Appliances UK Limited maintenance business is largely on behalf of and in support of a Global Asian Appliances HK Limited contract and UK customer.

CNA Group S.A., previously the ultimate parent company of Apelson Appliances UK Limited has given a letter of support to the company confirming financial support for a period of at least 12 months from the date of approval of these financial statements.

17 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.