

**COMPANIES HOUSE
EDINBURGH**

21 DEC 2018

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Topek Limited

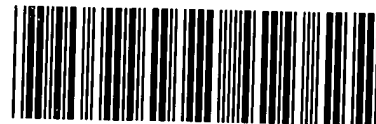
Annual Report and Financial Statements

Year Ended

31 August 2018

Company Number SC076272

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COMPANIES HOUSE

Topek Limited

Company Information

Directors	G S Biddle (resigned 8 June 2018) D S Bryce C McCrory S Gibb (appointed 22 March 2018)
Company secretary	Mrs J A Papureanu
Registered number	SC076272
Registered office	Suite 3 Unit 1 15 Cambuslang Road Glasgow G32 8NB
Independent auditor	BDO LLP 4 Atlantic Quay 70 York Street Glasgow G2 8JX

Topek Limited

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Topek Limited

Strategic Report For the Year Ended 31 August 2018

Introduction

The directors present the strategic report and financial statements for the year ended 31 August 2018.

Business review

The results for the year show turnover of £11,329,525 (2017: £12,979,326) and operating profit of £1,575,671 (2017: £1,403,781). The directors are pleased with this performance. The Directors have declared a dividend in the year of £1,351,362 (2017: £805,118) .

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks including economic conditions in the construction industry, commercial opportunities and labour and material skills shortages. The board reviews these risks and puts in place policies to mitigate them. The directors continue to monitor Brexit and plan for appropriate action.

Financial key performance indicators

The Directors consider turnover, gross profit margin, EBITDA (earnings before interest, tax, depreciation and amortisation) to be key measures of the Company's performance.

This report was approved by the board on 14TH DECEMBER 2018 and signed on its behalf.



C McCorry
Director

Topek Limited

Directors' Report For the Year Ended 31 August 2018

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

Principal activity

The principal activity of the company in the year under review was that of the provision of facilities in the roofing and cladding sector operating within the construction sector.

Results and dividends

The profit for the year, after taxation, amounted to £1,254,273 (2017 - £1,116,048). Dividends of £1,351,362 (2017 - £805,118) were declared in the year.

During the year ended 31 August 2018, all monies payable to the group and parent company's previous owner as a result of the previous sale purchase were paid in full and no further consideration or monies are due. In addition, during the year ended 31 August 2018, the parent company bought back 33 shares held by Mr G Biddle and no further consideration or monies are due in respect of this transaction.

Directors

The directors who served during the year were:

G S Biddle (resigned 8 June 2018)
D S Bryce
C McCrory
S Gibb (appointed 22 March 2018)

Going concern

The directors are satisfied over the company's ability to continue as a going concern for a period of at least 12 months from the date of these financial statements.

Future developments

The company will continue to operate in the same markets for the next 12 months.

Financial risk management

The company is mainly exposed to credit risk from credit sales and will assess the credit risk of new customers before entering contracts. Active monitoring of customer debt is undertaken to manage any exposure to loss. Liquidity risk arises from the company's management of working capital. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due. The directors' review cash flow projections regularly to ensure working capital is appropriately managed within the company.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director 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 auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the company since the year end.

Topek Limited

Directors' Report (continued) For the Year Ended 31 August 2018

Auditor

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

This report was approved by the board and signed on its behalf.

A handwritten signature in black ink, appearing to read 'D S Bryce', with a stylized flourish at the end.

D S Bryce
Director

Date: *14 December 2018*

Topek Limited

Directors' Responsibilities Statement For the Year Ended 31 August 2018

The directors are responsible for preparing the strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to 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.

Topek Limited

Independent Auditor's Report to the Members of Toppek Limited

Opinion

We have audited the financial statements of Toppek Limited ("the Company") for the year ended 31 August 2018 which comprise the the Statement of Income and Retained Earnings, the Balance Sheet, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Topek Limited

Independent Auditor's Report to the Members of Topek Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the strategic report and the directors' report. 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report has been prepared in accordance with applicable legal requirements.

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 director's report.

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

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

Responsibilities of directors

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

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

Topek Limited

Independent Auditor's Report to the Members of Topek Limited (continued)

Auditor's responsibilities for the audit of the financial statements

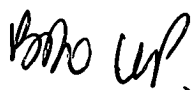
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



Mark McCluskey (Senior Statutory Auditor)
For and on behalf of **BDO LLP**, Statutory Auditor
Glasgow
United Kingdom

21 December 2018

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

Topek Limited

Statement of Income and Retained Earnings For the Year Ended 31 August 2018

	Note	2018 £	2017 £
Turnover	4	11,329,525	12,979,326
Cost of sales		(8,077,660)	(9,481,268)
Gross profit		3,251,865	3,498,058
Administrative expenses		(1,915,260)	(2,116,450)
Other operating income		239,066	22,173
Operating profit	6	1,575,671	1,403,781
Interest payable and expenses	9	(10,837)	(8,814)
Profit before tax		1,564,834	1,394,967
Tax on profit	10	(310,561)	(278,919)
Profit after tax		1,254,273	1,116,048
Retained earnings at the beginning of the year		875,051	564,121
		875,051	564,121
Profit for the year		1,254,273	1,116,048
Dividends declared and paid	11	(1,351,362)	(805,118)
Retained earnings at the end of the year		777,962	875,051

The notes on pages 11 to 24 form part of these financial statements.

Topek Limited
Registered number: SC076272

Balance Sheet
As at 31 August 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	12	538,228	355,086
		<u>538,228</u>	<u>355,086</u>
Current assets			
Stocks	13	9,703	419,271
Debtors: amounts falling due within one year	14	1,523,180	1,827,730
Cash at bank and in hand	15	2,024,651	1,393,151
		<u>3,557,534</u>	<u>3,640,152</u>
Creditors: amounts falling due within one year	16	(3,011,433)	(2,898,114)
Net current assets		<u>546,101</u>	<u>742,038</u>
Total assets less current liabilities		<u>1,084,329</u>	<u>1,097,124</u>
Creditors: amounts falling due after more than one year	17	(247,547)	(157,438)
Provisions for liabilities			
Deferred tax	19	(58,720)	(64,535)
		<u>(58,720)</u>	<u>(64,535)</u>
Net assets		<u>778,062</u>	<u>875,151</u>
Capital and reserves			
Called up share capital	20	100	100
Profit and loss account	21	777,962	875,051
		<u>778,062</u>	<u>875,151</u>

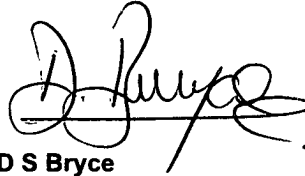
Topek Limited
Registered number: SC076272

Balance Sheet (continued)
As at 31 August 2018

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



S Gibb
Director



D S Bryce
Director

14 December 2018



C McCrory
Director

The notes on pages 11 to 24 form part of these financial statements.

Topek Limited

Notes to the Financial Statements For the Year Ended 31 August 2018

1. General information

Topek Limited is a private company limited by shares and incorporated in Scotland, UK under the Companies Act. The registered office and company registration number are detailed on the company information page. The principal activity of the company is as disclosed within the Directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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 functional and presentational currency of the financial statements is GBP. No level of rounding has been applied to these financial statements.

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Kilmardinny 62 Limited as at 31 August 2018 and these financial statements may be obtained from Companies House.

Topek Limited

Notes to the Financial Statements For the Year Ended 31 August 2018

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 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.

2.5 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Income and Retained Earnings so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.6 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

Topek Limited

Notes to the Financial Statements For the Year Ended 31 August 2018

2. Accounting policies (continued)

2.8 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 balance sheet 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 Balance Sheet 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 balance sheet date.

2.9 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.

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.

Depreciation is provided on the following basis:

Plant and machinery	-	15% - 25% on cost
Motor vehicles	-	25% on cost
Office equipment	-	15% on cost

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.

Topek Limited

Notes to the Financial Statements For the Year Ended 31 August 2018

2. Accounting policies (continued)

2.10 Contract valuations

Contracts are accounted for by recording revenue and related costs as contract activity progresses. Revenue represents the value of work carried out during the year, determined on a contract by contract basis. Full provision is made for:

- (a) Payments on account received, which are not fully matched by attributable costs and recognised profit.
- (b) Known and anticipated losses on contracts.

These provisions are separately disclosed in current liabilities.

Amounts recognised within revenue which are not invoiced at the year end date are included in debtors as amounts recoverable on contracts.

2.11 Stocks

Work in progress is stated at the lower of cost and net realisable value.

2.12 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.

2.13 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.

2.14 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.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.16 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of

Topek Limited

Notes to the Financial Statements For the Year Ended 31 August 2018

2. Accounting policies (continued)

2.16 Financial instruments (continued)

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.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

In preparing these financial statements, the directors have made the following judgments

Amounts recoverable on contracts

Determine whether there is any indication of uncertainty over the recoverability of amounts recoverable on contracts. Factors taken into consideration include the ageing of the debts, relationship with the debtor and any other relevant considerations.

Tangible Fixed Assets

The useful economic lives of the fixed assets and the depreciation rates applied.

Whether there are indicators of impairment of tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.

Contract Accounting

The amount of profit to be recognised on individual contracts. Factors considered will include stage of completion and forecast outturn.

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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Topek Limited

Notes to the Financial Statements For the Year Ended 31 August 2018

4. Turnover

All turnover arose within the United Kingdom.

5. Other operating income

	2018 £	2017 £
Training grant	17,066	22,173
Management charges	222,000	-
	<u>239,066</u>	<u>22,173</u>

6. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Defined contribution pension cost	100,760	242,150
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	14,500	14,000
Non-audit fees	2,690	2,295
Other operating lease rentals	58,902	52,634
Depreciation - owned assets	44,553	44,880
Depreciation - leased assets	<u>96,576</u>	<u>59,479</u>

Topek Limited

Notes to the Financial Statements For the Year Ended 31 August 2018

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	2,024,327	2,001,117
Social security costs	191,135	172,127
Cost of defined contribution scheme	100,760	242,150
	<u>2,316,222</u>	<u>2,415,394</u>

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

	2018 No.	2017 No.
Employees	<u>50</u>	<u>50</u>

8. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	158,902	51,000
Company contributions to defined contribution pension schemes	35,146	186,882
	<u>194,048</u>	<u>237,882</u>

During the year retirement benefits were accruing to 4 directors (2017 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £61,458 (2017 - £31,733).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12,000 (2017 - £62,294).

9. Interest payable and similar expenses

	2018 £	2017 £
Finance leases and hire purchase contracts	10,837	8,814
	<u>10,837</u>	<u>8,814</u>

Topek Limited

Notes to the Financial Statements For the Year Ended 31 August 2018

10. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	316,564	266,310
Over provision in prior year	(188)	(334)
	<u>316,376</u>	<u>265,976</u>
Total current tax	<u>316,376</u>	<u>265,976</u>
Deferred tax		
Origination and reversal of timing differences	(5,815)	12,863
Under provision in prior year	-	80
	<u>(5,815)</u>	<u>12,943</u>
Total deferred tax	<u>(5,815)</u>	<u>12,943</u>
Taxation on profit on ordinary activities	<u>310,561</u>	<u>278,919</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19.58%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>1,564,834</u>	<u>1,394,967</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.58%)	297,318	273,134
Effects of:		
Expenses not deductible for tax purposes	13,401	9,095
Fixed asset differences	30	-
Adjust deferred tax to average rate	-	(3,056)
Adjustments to tax charge in respect of previous periods	(188)	(254)
Total tax charge for the year	<u>310,561</u>	<u>278,919</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

Topek Limited

Notes to the Financial Statements For the Year Ended 31 August 2018

11. Dividends

	2018 £	2017 £
Paid in the year	1,351,362	805,118
	<u>1,351,362</u>	<u>805,118</u>

The dividend per share is £13,514 (2017 - £8,051).

12. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost or valuation				
At 1 September 2017	230,854	234,608	142,674	608,136
Additions	9,145	285,854	29,272	324,271
At 31 August 2018	<u>239,999</u>	<u>520,462</u>	<u>171,946</u>	<u>932,407</u>
Depreciation				
At 1 September 2017	77,412	93,011	82,627	253,050
Charge for the year on owned assets	24,157	-	20,396	44,553
Charge for the year on financed assets	30,000	66,576	-	96,576
At 31 August 2018	<u>131,569</u>	<u>159,587</u>	<u>103,023</u>	<u>394,179</u>
Net book value				
At 31 August 2018	<u>108,430</u>	<u>360,875</u>	<u>68,923</u>	<u>538,228</u>
At 31 August 2017	<u>153,442</u>	<u>141,597</u>	<u>60,047</u>	<u>355,086</u>

Topek Limited

Notes to the Financial Statements For the Year Ended 31 August 2018

12. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018 £	2017 £
Plant and machinery	85,000	115,000
Motor vehicles	360,875	141,604
	<u>445,875</u>	<u>256,604</u>

13. Stocks

	2018 £	2017 £
Work in progress	9,703	419,271
	<u>9,703</u>	<u>419,271</u>

Work in progress recognised in cost of sales during the year as an expense was £6,652,157 (2017 - £7,781,625).

14. Debtors

	2018 £	2017 £
Trade debtors	1,317,779	1,626,229
Amounts owed by group undertakings	19,198	135,621
Amounts due from related parties	116,957	-
Directors' loan account	-	690
Prepayments and accrued income	56,111	51,710
Staff loan	13,135	13,480
	<u>1,523,180</u>	<u>1,827,730</u>

Included within other debtors due within one year is a loan to S Biddle, a former director, amounting to £NIL (2017 - £690). Amounts repaid during the year totalled £690.

No interest was charged on this amount.

Topek Limited

Notes to the Financial Statements For the Year Ended 31 August 2018

15. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	2,024,651	1,393,151
	<u>2,024,651</u>	<u>1,393,151</u>

16. Creditors: Amounts falling due within one year

	2018 £	2017 £
Payments received on account	-	138,853
Trade creditors	1,268,832	1,064,646
Amounts owed to group undertakings	23,950	23,950
Corporation tax	316,564	266,310
Other taxation and social security	406,687	238,928
Obligations under finance lease and hire purchase contracts	156,578	73,447
Other creditors	-	26,537
Accruals and deferred income	838,822	1,065,443
	<u>3,011,433</u>	<u>2,898,114</u>

17. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Obligations under finance leases and hire purchase contracts	247,547	157,438
	<u>247,547</u>	<u>157,438</u>

Topek Limited

Notes to the Financial Statements For the Year Ended 31 August 2018

18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2018 £	2017 £
Within one year	156,578	73,447
Between 1-2 years	125,998	67,261
Between 2-5 years	121,549	90,177
	<u>404,125</u>	<u>230,885</u>

Hire purchase obligations are secured over the assets being purchased.

19. Deferred taxation

	2018 £
At beginning of year	(64,535)
Charged to profit or loss	5,815
At end of year	<u>(58,720)</u>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(60,240)	(65,485)
Short term timing differences	1,520	950
	<u>(58,720)</u>	<u>(64,535)</u>

20. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Ordinary shares rank pari passu for participation in profits and assets. Each ordinary share is entitled to one vote on all matters upon which the ordinary shares are entitled to vote.

Topek Limited

Notes to the Financial Statements For the Year Ended 31 August 2018

21. Reserves

Profit and loss account

The profit and loss account represents the accumulated profits and losses on the activities of the company, less any dividends paid.

22. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £100,760 (2017 - £242,150).

23. Commitments under operating leases

At 31 August 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	1,132	31,791
Later than 1 year and not later than 5 years	-	1,132
	<u>1,132</u>	<u>32,923</u>

24. Contingent liabilities

The company's bank facilities are secured by floating charges over the assets of the company supported by a cross guarantee with Kilmardinny 62 Limited. The balance outstanding at the year-end was £Nil (2017 - £26,537).

Topek Limited

Notes to the Financial Statements For the Year Ended 31 August 2018

25. Related party transactions

The total remuneration paid to directors for services to the company, including employers' NIC, was £207,441 (2017 - £271,352).

During the year, dividends of £1,351,362 (2017 - £805,118) were paid to Group Topek Holdings Limited, the intermediate parent company.

A balance was due from Total Envelope Asset Management (TEAM) Limited of £116,957 (2017 - £Nil), a related party by virtue of common directorship. During the year sales of £509,037 (2017: £Nil) and purchases of £392,080 (2017 - £Nil) were made. There were no repayments made during the year.

At the balance sheet date, a balance of £19,198 (2017 - £135,621) was due from Kilmardinny 62 Limited, the ultimate parent company. A balance of £23,950 (2017 - £23,950) was also owed to the intermediate parent company Group Topek Holdings Limited at the balance sheet date. During the year a management charge of £222,000 (2017 - £Nil) was charged to Total Envelope Asset Management (TEAM) Limited.

At the balance sheet date, £Nil was owed to the company by D S Bryce (2017 - £690), a director of the company.

26. Ultimate parent company and controlling party

The ultimate parent company is Kilmardinny 62 Limited. The registered office is Suite 3 Unit, 15 Cambuslang Road, Glasgow, G32 8NB.

The company was under the joint control of its directors by virtue of their shareholding in the ultimate parent company. No individual director had overall control.

The largest group in which the results of the company are consolidated is that headed by Kilmardinny 62 Limited. These financial statements can be obtained from Companies House.