

Company Registration No. 02669850 (England and Wales)

LOUDWATER TRADE AND FINANCE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

LOUDWATER TRADE AND FINANCE LIMITED

COMPANY INFORMATION

| | |
|--------------------------|--|
| Directors | Mr S S Stimler Mr M Stimler |
| Company number | 02669850 |
| Registered office | Honeypot House 56a Crewys Road London NW2 2AD |
| Auditor | RDP Newmans LLP Lynwood House 373-375 Station Road Harrow, Middlesex HA1 2AW |
| Business address | Honeypot House 56a Crewys Road London NW2 2AD |

LOUDWATER TRADE AND FINANCE LIMITED

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LOUDWATER TRADE AND FINANCE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2019

The directors present the strategic report for the year ended 30 September 2019.

Principal activities

The principal activity of the group continued to be that of international trading in coffee, consumables, edible nuts and fruits.

Fair review of the business

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect to improve on these in the foreseeable future.

Turnover has seen a slight increase of 0.5% during the year. The directors are confident that business will continue to grow for the foreseeable future. Gross profit margins have improved from 4.81% in 2018 to 5.01% in the year, mainly due to strategic buying and selling. However, the net profit margin before tax and dividends has decreased from 2.98% in 2018 to 2.59% in the year. This is principally because there was a large profit on the disposal of a subsidiary in 2018 which resulted in the increased net profit margin in the prior year.

The group is in a strong financial position at the balance sheet date with net assets having increased by 13.2% over the course of the financial year. The directors hope to further improve upon this in order to increase group growth and enhance reported results in future years.

Principal risks and uncertainties

The principal risks and uncertainties facing Loudwater Trade and Finance Limited are:

Financial instruments

The group's principal financial instruments comprise bank loans, overdrafts and trade payables. The main purpose of these financial instruments is to raise finance for the group's operations. The group has various other financial assets such as trade receivables, cash and short-term deposits which arise directly from its operations.

The main risks arising from the group's financial instruments are credit risk, liquidity risk, foreign currency exposure and interest rate risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The group performs ongoing credit evaluations of its customers and to date has not experienced any material losses.

Liquidity risk

Liquidity risk arises in relation to the group's management of working capital and the risk that the group will encounter difficulties in meeting financial obligations as and when they fall due. To minimise this risk, the liquidity position and ongoing working capital requirements are regularly reviewed by the directors.

Foreign currency exposure

The group is subject to foreign exchange risks as it sells to and purchases from various countries. Group management regularly monitors its foreign exchange risk and attempts to limit such risks by managing its cash and credit positions. In addition forward exchange contracts are used to hedge against currency risk.

Interest rate risk

The company is subject to interest rate risks. This is mitigated by continually monitoring the rates available to the company.

Brexit risk

The company trades with entities based in European countries and the move towards exiting the European Union poses a risk for the company due to the uncertainty with trade agreements. Company management is monitoring and will respond to any changes arising from Brexit.

LOUDWATER TRADE AND FINANCE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

Key performance indicators

The Key Performance Indicators of the group over the last two years are detailed below:

| | 2019 | 2018 |
|----------------------|---------|---------|
| Turnover (GBP £'000) | 210,208 | 209,202 |
| Gross profit % | 5.01 | 4.81 |
| Net profit % | 2.07 | 2.51 |

The results reflect the strategic buying and selling by the group leading to the improved gross profit margins. However the net profit margin has decreased mainly principally because there was a large profit on the disposal of a subsidiary in 2018 which resulted in the increased net profit margin in the prior year.

On behalf of the board

Mr M Stimler

Director

27 March 2020

LOUDWATER TRADE AND FINANCE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2019

The directors present their annual report and financial statements for the year ended 30 September 2019.

Directors

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

Mr S S Stimler

Mr M Stimler

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £1,231,301. The directors do not recommend payment of a further dividend.

Auditor

The auditor, RDP Newmans LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the ~~Strategic report~~ detection of fraud and other irregularities.

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

Mr M Stimler

Director

27 March 2020

LOUDWATER TRADE AND FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LOUDWATER TRADE AND FINANCE LIMITED

Opinion

We have audited the financial statements of Loudwater Trade and Finance Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2019 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2019 and of the group's 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.

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 group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

LOUDWATER TRADE AND FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LOUDWATER TRADE AND FINANCE LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In respect solely of the limitation on the work relating to the sub-subsidiary's stock, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine if adequate records for the prior year had been maintained.

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

LOUDWATER TRADE AND FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LOUDWATER TRADE AND FINANCE LIMITED

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.

Lyndon Perez FCA (Senior Statutory Auditor)
for and on behalf of RDP Newmans LLP

31 March 2020

Chartered Accountants
Statutory Auditor

Lynwood House
373-375 Station Road
Harrow, Middlesex
HA1 2AW

LOUDWATER TRADE AND FINANCE LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2019

| | Notes | 2019 £ | 2018 £ |
|---|-----------|---------------|---------------|
| Turnover | 3 | 210,207,900 | 209,201,616 |
| Cost of sales | | (199,665,220) | (199,138,874) |
| Gross profit | | 10,542,680 | 10,062,742 |
| Administrative expenses | | (3,808,446) | (4,860,506) |
| Other operating income | | 25,211 | 16,106 |
| Operating profit | 4 | 6,759,445 | 5,218,342 |
| Share of results of associates and joint ventures | | 11,005 | (23,716) |
| Other interest receivable and similar income | 8 | 30,976 | 21,012 |
| Interest payable and similar expenses | 9 | (1,196,679) | (1,120,283) |
| Income from disposal of subsidiary | 10 | - | 2,489,747 |
| Non-controlling interests | | (149,557) | (339,850) |
| Profit before taxation | | 5,455,190 | 6,245,252 |
| Tax on profit | 11 | (1,107,259) | (991,628) |
| Profit for the financial year and total comprehensive income | | 4,347,931 | 5,253,624 |

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

LOUDWATER TRADE AND FINANCE LIMITED

GROUP BALANCE SHEET

AS AT 30 SEPTEMBER 2019

| | Notes | 2019 £ | £ | 2018 £ | £ |
|--|-------|--------------|------------|--------------|------------|
| Fixed assets | | | | | |
| Goodwill | 13 | | 336,353 | | 635,115 |
| Other intangible assets | 13 | | 10,781 | | - |
| | | | | | |
| Total intangible assets | | | 347,134 | | 635,115 |
| Tangible assets | 14 | | 1,099,876 | | 1,118,591 |
| Investments | 15 | | 447,189 | | 355,420 |
| | | | | | |
| | | | 1,894,199 | | 2,109,126 |
| Current assets | | | | | |
| Stocks | 19 | 23,330,938 | | 20,956,060 | |
| Debtors | 20 | 46,049,916 | | 38,111,259 | |
| Cash at bank and in hand | | 4,237,854 | | 3,894,425 | |
| | | | | | |
| | | | 73,618,708 | | 62,961,744 |
| Creditors: amounts falling due within one year | 21 | (47,137,868) | | (39,821,042) | |
| | | | | | |
| Net current assets | | | 26,480,840 | | 23,140,702 |
| | | | | | |
| Total assets less current liabilities | | | 28,375,039 | | 25,249,828 |
| | | | | | |
| Creditors: amounts falling due after more than one year | 22 | | (407,850) | | (550,079) |
| Provisions for liabilities | 24 | | (8,150) | | (6,897) |
| | | | | | |
| Net assets | | | 27,959,039 | | 24,692,852 |
| | | | | | |
| Capital and reserves | | | | | |
| Called up share capital | 26 | | 50,000 | | 50,000 |
| Profit and loss reserves | | | 25,562,487 | | 22,445,857 |
| | | | | | |
| Equity attributable to owners of the parent company | | | 25,612,487 | | 22,495,857 |
| Non-controlling interests | | | 2,346,552 | | 2,196,995 |
| | | | | | |
| | | | 27,959,039 | | 24,692,852 |

The financial statements were approved by the board of directors and authorised for issue on 27 March 2020 and are signed on its behalf by:

Mr S S Stimler
Director

Mr M Stimler
Director

LOUDWATER TRADE AND FINANCE LIMITED

COMPANY BALANCE SHEET

AS AT 30 SEPTEMBER 2019

| | | 2019 | | 2018 | |
|--|-------|---------------------|--------------------------|---------------------|--------------------------|
| | Notes | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 14 | | 1,073,184 | | 1,087,473 |
| Investments | 15 | | 1,337,495 | | 1,337,395 |
| | | | <u>2,410,679</u> | | <u>2,424,868</u> |
| Current assets | | | | | |
| Stocks | 19 | 8,017,257 | | 7,095,665 | |
| Debtors | 20 | 27,910,896 | | 20,368,857 | |
| Cash at bank and in hand | | <u>1,947,399</u> | | <u>3,090,333</u> | |
| | | 37,875,552 | | 30,554,855 | |
| Creditors: amounts falling due within one year | 21 | <u>(17,782,555)</u> | | <u>(13,118,855)</u> | |
| Net current assets | | | <u>20,092,997</u> | | <u>17,436,000</u> |
| Total assets less current liabilities | | | <u>22,503,676</u> | | <u>19,860,868</u> |
| Creditors: amounts falling due after more than one year | 22 | | (407,850) | | (550,079) |
| Provisions for liabilities | 24 | | <u>(2,439)</u> | | <u>(1,943)</u> |
| Net assets | | | <u><u>22,093,387</u></u> | | <u><u>19,308,846</u></u> |
| Capital and reserves | | | | | |
| Called up share capital | 26 | | 50,000 | | 50,000 |
| Profit and loss reserves | | | <u>22,043,387</u> | | <u>19,258,846</u> |
| Total equity | | | <u><u>22,093,387</u></u> | | <u><u>19,308,846</u></u> |

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £4,015,842 (2018 - £3,186,054).

The financial statements were approved by the board of directors and authorised for issue on 27 March 2020 and are signed on its behalf by:

Mr S S Stimler
Director

Mr M Stimler
Director

Company Registration No. 02669850

LOUDWATER TRADE AND FINANCE LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2019

| | Notes | Share capital £ | Profit and loss reserves £ | Total controlling interest £ | Non-controlling interest £ | Total £ |
|--|-------|--------------------|----------------------------------|---------------------------------------|----------------------------------|-------------|
| Balance at 1 October 2017 | | 50,000 | 18,017,460 | 18,067,460 | 1,857,145 | 19,924,605 |
| Year ended 30 September 2018: | | | | | | |
| Profit and total comprehensive income for the year | | - | 5,253,624 | 5,253,624 | - | 5,253,624 |
| Dividends | 12 | - | (825,227) | (825,227) | - | (825,227) |
| Other movements | | - | - | - | 339,850 | 339,850 |
| Balance at 30 September 2018 | | 50,000 | 22,445,857 | 22,495,857 | 2,196,995 | 24,692,852 |
| Year ended 30 September 2019: | | | | | | |
| Profit and total comprehensive income for the year | | - | 4,347,931 | 4,347,931 | - | 4,347,931 |
| Dividends | 12 | - | (1,231,301) | (1,231,301) | - | (1,231,301) |
| Other movements | | - | - | - | 149,557 | 149,557 |
| Balance at 30 September 2019 | | 50,000 | 25,562,487 | 25,612,487 | 2,346,552 | 27,959,039 |

LOUDWATER TRADE AND FINANCE LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2019

| | | Share capital | Profit and loss reserves | Total |
|--|-------|---------------|-----------------------------|-------------|
| | Notes | £ | £ | £ |
| Balance at 1 October 2017 | | 50,000 | 16,898,019 | 16,948,019 |
| Year ended 30 September 2018: | | | | |
| Profit and total comprehensive income for the year | | - | 3,186,054 | 3,186,054 |
| Dividends | 12 | - | (825,227) | (825,227) |
| Balance at 30 September 2018 | | 50,000 | 19,258,846 | 19,308,846 |
| Year ended 30 September 2019: | | | | |
| Profit and total comprehensive income for the year | | - | 4,015,842 | 4,015,842 |
| Dividends | 12 | - | (1,231,301) | (1,231,301) |
| Balance at 30 September 2019 | | 50,000 | 22,043,387 | 22,093,387 |

LOUDWATER TRADE AND FINANCE LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

| | Notes | 2019 £ | £ | 2018 £ | £ |
|---|-------|--------------|---|--------------|---|
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 30 | 2,710,413 | | 7,459,808 | |
| Interest paid | | (1,196,679) | | (1,120,283) | |
| Income taxes paid | | (649,237) | | (750,555) | |
| Net cash inflow from operating activities | | 864,497 | | 5,588,970 | |
| Investing activities | | | | | |
| Purchase of intangible assets | | (11,500) | | - | |
| Purchase of tangible fixed assets | | (10,310) | | (8,756) | |
| Purchase of associates | | (80,764) | | (156,816) | |
| Interest received | | 30,976 | | 21,012 | |
| Net cash used in investing activities | | (71,598) | | (144,560) | |
| Financing activities | | | | | |
| Repayment of bank loans | | (341,640) | | (21,588,070) | |
| (Proceeds)/Purchase of derivatives | | (25,656) | | 488,351 | |
| Payment of finance leases obligations | | - | | (13,698) | |
| Dividends paid to equity shareholders | | (1,231,301) | | (825,227) | |
| Net cash used in financing activities | | (1,598,597) | | (21,938,644) | |
| Net decrease in cash and cash equivalents | | (805,698) | | (16,494,234) | |
| Cash and cash equivalents at beginning of year | | (22,038,359) | | (5,544,125) | |
| Cash and cash equivalents at end of year | | (22,844,057) | | (22,038,359) | |
| Relating to: | | | | | |
| Cash at bank and in hand | | 4,237,854 | | 3,894,425 | |
| Bank overdrafts included in creditors payable within one year | | (27,081,911) | | (25,932,784) | |

LOUDWATER TRADE AND FINANCE LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

| | Notes | 2019 £ | £ | 2018 £ | £ |
|---|-------|-------------|-------------|-----------|-------------|
| Cash flows from operating activities | | | | | |
| Cash (absorbed by)/generated from operations | 31 | | | | |
| | | (474,936) | | 5,853,913 | |
| Interest paid | | (271,473) | | (224,998) | |
| Income taxes paid | | (504,962) | | (658,948) | |
| | | | | | |
| Net cash (outflow)/inflow from operating activities | | | (1,251,371) | | 4,969,967 |
| Investing activities | | | | | |
| Purchase of tangible fixed assets | | (8,366) | | (2,697) | |
| Purchase of subsidiaries | | (100) | | - | |
| Dividends received | | 250,000 | | - | |
| | | | | | |
| Net cash generated from/(used in) investing activities | | | 241,534 | | (2,697) |
| Financing activities | | | | | |
| Repayment of bank loans | | (341,640) | | 220,670 | |
| Proceeds of derivatives | | 17,080 | | 5,576 | |
| Dividends paid to equity shareholders | | (1,231,301) | | (825,227) | |
| | | | | | |
| Net cash used in financing activities | | | (1,555,861) | | (598,981) |
| | | | | | |
| Net (decrease)/increase in cash and cash equivalents | | | (2,565,698) | | 4,368,289 |
| Cash and cash equivalents at beginning of year | | | (3,472,289) | | (7,840,578) |
| | | | | | |
| Cash and cash equivalents at end of year | | | (6,037,987) | | (3,472,289) |
| Relating to: | | | | | |
| Cash at bank and in hand | | | 1,947,399 | | 3,090,333 |
| Bank overdrafts included in creditors payable within one year | | | (7,985,386) | | (6,562,622) |

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies

Company information

Loudwater Trade and Finance Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Honeypot House, 56a Crewys Road, London, NW2 2AD.

The group consists of Loudwater Trade and Finance Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated financial statements incorporate those of Loudwater Trade and Finance Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 September 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies

(Continued)

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 10 years.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

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

| | |
|----------|----------------------|
| Software | 25% reducing balance |
|----------|----------------------|

1.7 Tangible fixed assets

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

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

| | |
|----------------------------------|--|
| Leasehold building | over the terms of the leases of 48 years |
| Plant and machinery | 25% reducing balance |
| Fixtures, fittings and equipment | 10 - 25% reducing balance |
| Office equipment | 25% straight line and 33% reducing balance |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies

(Continued)

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Stocks

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

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

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as either financial assets, financial liabilities or forward commitments associated with commodity sales.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Derivatives

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

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

1.15 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.16 Employee benefits

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

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies

(Continued)

1.17 Retirement benefits

The group operates a defined contribution scheme for the benefit of some of its employees. The group also contributes to the personal pension arrangements of some employees. Contributions payable are charged to the profit and loss account in the year they are earned.

1.18 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

1.19 Foreign exchange

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction or, where forward foreign currency contracts have been taken out, at contractual rates. Monetary assets and liabilities are retranslated at the rates of exchange ruling at the balance sheet date. Exchange gains and losses are taken to the profit and loss account.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There were no critical judgements or estimates made in the financial statements.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Corona virus pandemic

The directors have assessed the impact of the corona virus pandemic on the company and are of the opinion that, despite there being a short term down turn in the business, this should not materially impact the company in the long term.

3 Turnover and other revenue

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

| | 2019 £ | 2018 £ |
|---|-------------|-------------|
| Turnover analysed by class of business | | |
| Sale of goods | 210,207,900 | 209,201,616 |

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

3 Turnover and other revenue (Continued)

| | 2019 | 2018 |
|----------------------------------|---------------|---------------|
| | £ | £ |
| Other significant revenue | | |
| Interest income | 30,976 | 21,012 |
| | 5,479 | - |
| | <u>36,455</u> | <u>21,012</u> |

In the opinion of the directors it would be seriously prejudicial to the interest of the company to disclose the particulars of the turnover of the company. Consequently, in accordance with the provisions of the Companies Act 2006, the directors have not disclosed the particulars of turnover.

4 Operating profit

| | 2019 | 2018 |
|---|--------------------|--------------------|
| | £ | £ |
| Operating profit for the year is stated after charging/(crediting): | | |
| Exchange (gains)/losses | (89,881) | 55,341 |
| Depreciation of owned tangible fixed assets | 29,025 | 29,950 |
| (Profit)/loss on disposal of tangible fixed assets | - | 624,775 |
| Amortisation of intangible assets | 299,481 | 298,765 |
| (Profit)/loss on disposal of intangible assets | - | 9,984 |
| Cost of stocks recognised as an expense | 194,658,648 | 194,517,437 |
| Operating lease charges | - | 1,944 |
| | <u>194,878,273</u> | <u>195,447,212</u> |

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £89,881 (2018 - £55,341).

5 Auditor's remuneration

| | 2019 | 2018 |
|---|---------------|---------------|
| | £ | £ |
| Fees payable to the company's auditor and associates: | | |
| For audit services | | |
| Audit of the financial statements of the group and company | 21,000 | 21,000 |
| Audit of the financial statements of the company's subsidiaries | 28,980 | 27,980 |
| | <u>49,980</u> | <u>48,980</u> |
| For other services | | |
| Taxation compliance services | 5,109 | 2,440 |
| All other non-audit services | 32,372 | 12,000 |
| | <u>37,481</u> | <u>14,440</u> |

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

6 Employees

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

| | Group 2019 Number | 2018 Number | Company 2019 Number | 2018 Number |
|----------------------|-------------------------|----------------|---------------------------|----------------|
| Administration staff | 14 | 14 | 6 | 6 |
| Sales staff | 11 | 10 | 6 | 5 |
| | <u>25</u> | <u>24</u> | <u>12</u> | <u>11</u> |

Their aggregate remuneration comprised:

| | Group 2019 £ | 2018 £ | Company 2019 £ | 2018 £ |
|-----------------------|--------------------|------------------|----------------------|----------------|
| Wages and salaries | 1,451,472 | 1,419,868 | 434,742 | 434,933 |
| Social security costs | 162,070 | 167,427 | 47,528 | 47,067 |
| Pension costs | 81,606 | 222,898 | 5,680 | 164,884 |
| | <u>1,695,148</u> | <u>1,810,193</u> | <u>487,950</u> | <u>646,884</u> |

7 Directors' remuneration

| | 2019 £ | 2018 £ |
|---|---------------|----------------|
| Remuneration for qualifying services | 13,920 | 29,567 |
| Company pension contributions to defined contribution schemes | - | 81,600 |
| | <u>13,920</u> | <u>111,167</u> |

8 Interest receivable and similar income

| | 2019 £ | 2018 £ |
|--|---------------|---------------|
| Interest income | | |
| Interest on bank deposits | 29,730 | 21,012 |
| Other interest income | 1,246 | - |
| | <u>30,976</u> | <u>21,012</u> |
| Total income | <u>30,976</u> | <u>21,012</u> |
| Disclosed on the profit and loss account as follows: | | |
| Other interest receivable and similar income | <u>30,976</u> | <u>21,012</u> |

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

| | | | |
|-----------|--|--------------------|-------------------|
| 8 | Interest receivable and similar income | (Continued) | |
| | Investment income includes the following: | | |
| | Interest on financial assets not measured at fair value through profit or loss | 29,730 | 21,012 |
| | | <u> </u> | <u> </u> |
| 9 | Interest payable and similar expenses | 2019 | 2018 |
| | | £ | £ |
| | Interest on financial liabilities measured at amortised cost: | | |
| | Interest on bank overdrafts and loans | 1,180,338 | 1,114,183 |
| | Other finance costs: | | |
| | Other interest | 16,341 | 6,100 |
| | | <u> </u> | <u> </u> |
| | Total finance costs | 1,196,679 | 1,120,283 |
| | | <u> </u> | <u> </u> |
| 10 | Other income | 2019 | 2018 |
| | | £ | £ |
| | Income from disposal of subsidiary | - | 2,489,747 |
| | | <u> </u> | <u> </u> |
| 11 | Taxation | 2019 | 2018 |
| | | £ | £ |
| | Current tax | | |
| | UK corporation tax on profits for the current period | 1,108,826 | 983,361 |
| | Adjustments in respect of prior periods | (2,820) | 8,110 |
| | | <u> </u> | <u> </u> |
| | Total current tax | 1,106,006 | 991,471 |
| | | <u> </u> | <u> </u> |
| | Deferred tax | | |
| | Origination and reversal of timing differences | 1,253 | 157 |
| | | <u> </u> | <u> </u> |
| | Total tax charge | 1,107,259 | 991,628 |
| | | <u> </u> | <u> </u> |

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

11 Taxation

(Continued)

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

| | 2019 £ | 2018 £ |
|--|-----------|-----------|
| Profit before taxation | 5,455,190 | 6,245,252 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%) | 1,036,486 | 1,186,598 |
| Tax effect of expenses that are not deductible in determining taxable profit | 3,762 | 18,242 |
| Tax effect of income not taxable in determining taxable profit | - | (320,829) |
| (Profit) / losses from associate company | (2,090) | 4,506 |
| Adjustments in respect of prior years | (2,820) | 8,110 |
| Group relief | - | 1,306 |
| Permanent capital allowances in excess of depreciation | (4,468) | (1,871) |
| Depreciation on assets not qualifying for tax allowances | 5,651 | 5,691 |
| Amortisation on assets not qualifying for tax allowances | 56,765 | 56,765 |
| Deferred tax movement | 757 | 157 |
| Pension | (15,200) | - |
| Minority interest | 28,416 | 32,953 |
| Taxation charge | 1,107,259 | 991,628 |

12 Dividends

| | 2019 £ | 2018 £ |
|--------------|-----------|-----------|
| Interim paid | 1,231,301 | 825,227 |

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

13 Intangible fixed assets

| Group | Goodwill £ | Software £ | Total £ |
|------------------------------------|---------------|---------------|------------|
| Cost | | | |
| At 1 October 2018 | 2,866,131 | - | 2,866,131 |
| Additions - separately acquired | - | 11,500 | 11,500 |
| At 30 September 2019 | 2,866,131 | 11,500 | 2,877,631 |
| Amortisation and impairment | | | |
| At 1 October 2018 | 2,231,016 | - | 2,231,016 |
| Amortisation charged for the year | 298,762 | 719 | 299,481 |
| At 30 September 2019 | 2,529,778 | 719 | 2,530,497 |
| Carrying amount | | | |
| At 30 September 2019 | 336,353 | 10,781 | 347,134 |
| At 30 September 2018 | 635,115 | - | 635,115 |

The company had no intangible fixed assets at 30 September 2019 or 30 September 2018.

The remaining amortisation period of goodwill is estimated at 2 years.

14 Tangible fixed assets

| Group | Leasehold building £ | Plant and machinery £ | Fixtures, fittings and equipment £ | Office equipment £ | Total £ |
|------------------------------------|----------------------------|-----------------------------|--|-----------------------|------------|
| Cost | | | | | |
| At 1 October 2018 | 1,200,881 | 108,398 | 43,953 | 34,501 | 1,387,733 |
| Additions | - | 1,944 | - | 8,366 | 10,310 |
| At 30 September 2019 | 1,200,881 | 110,342 | 43,953 | 42,867 | 1,398,043 |
| Depreciation and impairment | | | | | |
| At 1 October 2018 | 124,624 | 94,563 | 27,073 | 22,882 | 269,142 |
| Depreciation charged in the year | 16,720 | 4,271 | 2,739 | 5,295 | 29,025 |
| At 30 September 2019 | 141,344 | 98,834 | 29,812 | 28,177 | 298,167 |
| Carrying amount | | | | | |
| At 30 September 2019 | 1,059,537 | 11,508 | 14,141 | 14,690 | 1,099,876 |
| At 30 September 2018 | 1,076,257 | 13,835 | 16,880 | 11,619 | 1,118,591 |

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

14 Tangible fixed assets

(Continued)

| Company | Leasehold building | Fixtures, fittings and equipment | Office equipment | Total |
|------------------------------------|--------------------|----------------------------------|------------------|-----------|
| | £ | £ | £ | £ |
| Cost | | | | |
| At 1 October 2018 | 1,200,881 | 16,492 | 29,350 | 1,246,723 |
| Additions | - | - | 8,366 | 8,366 |
| At 30 September 2019 | 1,200,881 | 16,492 | 37,716 | 1,255,089 |
| Depreciation and impairment | | | | |
| At 1 October 2018 | 124,624 | 15,337 | 19,289 | 159,250 |
| Depreciation charged in the year | 16,720 | 1,155 | 4,780 | 22,655 |
| At 30 September 2019 | 141,344 | 16,492 | 24,069 | 181,905 |
| Carrying amount | | | | |
| At 30 September 2019 | 1,059,537 | - | 13,647 | 1,073,184 |
| At 30 September 2018 | 1,076,257 | 1,155 | 10,061 | 1,087,473 |

15 Fixed asset investments

| | Notes | Group 2019 £ | 2018 £ | Company 2019 £ | 2018 £ |
|-----------------------------|-------|--------------------|-----------|----------------------|-----------|
| Investments in subsidiaries | 16 | - | - | 1,235,283 | 1,235,183 |
| Investments in associates | 17 | 344,977 | 253,208 | - | - |
| Unlisted investments | | 102,212 | 102,212 | 102,212 | 102,212 |
| | | 447,189 | 355,420 | 1,337,495 | 1,337,395 |

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

15 Fixed asset investments

(Continued)

Movements in fixed asset investments Group

| | Shares in group undertakings and participating interests | Other investments other than loans | Total |
|--------------------------|--|---|----------------|
| | £ | £ | £ |
| Cost or valuation | | | |
| At 1 October 2018 | 253,208 | 102,212 | 355,420 |
| Additions | 80,764 | - | 80,764 |
| Valuation changes | 11,005 | - | 11,005 |
| | <u>344,977</u> | <u>102,212</u> | <u>447,189</u> |
| At 30 September 2019 | 344,977 | 102,212 | 447,189 |
| Carrying amount | | | |
| At 30 September 2019 | <u>344,977</u> | <u>102,212</u> | <u>447,189</u> |
| At 30 September 2018 | <u>253,208</u> | <u>102,212</u> | <u>355,420</u> |

Movements in fixed asset investments Company

| | Shares in group undertakings | Other investments other than loans | Total |
|--------------------------|---------------------------------|---|------------------|
| | £ | £ | £ |
| Cost or valuation | | | |
| At 1 October 2018 | 1,235,183 | 102,212 | 1,337,395 |
| Additions | 100 | - | 100 |
| | <u>1,235,283</u> | <u>102,212</u> | <u>1,337,495</u> |
| At 30 September 2019 | 1,235,283 | 102,212 | 1,337,495 |
| Carrying amount | | | |
| At 30 September 2019 | <u>1,235,283</u> | <u>102,212</u> | <u>1,337,495</u> |
| At 30 September 2018 | <u>1,235,183</u> | <u>102,212</u> | <u>1,337,395</u> |

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

16 Subsidiaries

Details of the company's subsidiaries at 30 September 2019 are as follows:

| Name of undertaking | Address | Class of shares held | % Held | |
|-------------------------------|---------|----------------------|--------|----------|
| | | | Direct | Indirect |
| GMH Trading Limited | 1 | Ordinary | 100.00 | 0 |
| Loudwater Enterprises Limited | 2 | Ordinary | 100.00 | 0 |
| Loudwater Management Limited | 3 | Ordinary | 50.00 | 0 |
| EMO (MAU) Limited | 4 | Ordinary | 100.00 | 0 |

Registered office addresses (all UK unless otherwise indicated):

- 1 56 Crewys Road, London, NW2 2AD
- 2 Lynwood House, 373/375 Station Road, Harrow, Middlesex, HA1 2AW
- 3 Lynwood House, 373/375 Station Road, Harrow, Middlesex, HA1 2AW
- 4 56 Crewys Road, London, NW2 2AD

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

| Name of undertaking | Capital and Reserves | Profit/(Loss) |
|-------------------------------|----------------------|---------------|
| | £ | £ |
| GMH Trading Limited | 2,332,453 | 470,118 |
| Loudwater Enterprises Limited | 100 | - |
| Loudwater Management Limited | 4,693,104 | 299,114 |
| EMO (MAU) Limited | 100 | - |

Loudwater Management Limited is the parent company of Barrow, Lane & Ballard Limited, whose principal activity is that of import, export and distribution of edible nuts and dry fruits.

17 Associates

Details of associates at 30 September 2019 are as follows:

| Name of undertaking | Registered office | Class of shares held | % Held | |
|-----------------------------|-------------------|----------------------|--------|----------|
| | | | Direct | Indirect |
| Longson-BLB Company Limited | Vietnam | Ordinary | 30.00 | 0 |

Longson - BLB Company Limited is an associate company of Barrow, Lane & Ballard Limited.

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

18 Financial instruments

| | Group 2019 £ | 2018 £ | Company 2019 £ | 2018 £ |
|---|--------------------|------------|----------------------|------------|
| Carrying amount of financial assets | | | | |
| Debt instruments measured at amortised cost | 44,406,208 | 37,076,795 | 26,531,690 | 19,512,421 |
| Equity instruments measured at cost less impairment | 102,212 | 102,212 | 102,212 | 102,212 |
| Instruments measured at fair value through profit or loss | 56,508 | 30,852 | 7,023 | 24,103 |
| Carrying amount of financial liabilities | | | | |
| Measured at amortised cost | 46,076,089 | 39,388,264 | 16,979,375 | 12,824,253 |

19 Stocks

| | Group 2019 £ | 2018 £ | Company 2019 £ | 2018 £ |
|-------------------------------------|--------------------|------------|----------------------|-----------|
| Finished goods and goods for resale | 23,330,938 | 20,956,060 | 8,017,257 | 7,095,665 |

20 Debtors

| | Group 2019 £ | 2018 £ | Company 2019 £ | 2018 £ |
|--|--------------------|------------|----------------------|------------|
| Amounts falling due within one year: | | | | |
| Trade debtors | 36,755,374 | 31,815,339 | 20,207,525 | 14,135,734 |
| Amounts owed by undertakings in which the company has a participating interest | 891,876 | 918,830 | 1,776,787 | 1,767,924 |
| Derivative financial instruments | 56,508 | 30,852 | 7,023 | 24,103 |
| Other debtors | 7,407,094 | 4,424,878 | 5,062,418 | 3,608,350 |
| Prepayments and accrued income | 228,376 | 229,982 | 146,455 | 141,368 |
| | 45,339,228 | 37,419,881 | 27,200,208 | 19,677,479 |
| Amounts falling due after more than one year: | | | | |
| Other debtors | 710,688 | 691,378 | 710,688 | 691,378 |
| Total debtors | 46,049,916 | 38,111,259 | 27,910,896 | 20,368,857 |

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

21 Creditors: amounts falling due within one year

| | Notes | Group 2019 £ | 2018 £ | Company 2019 £ | 2018 £ |
|--|-------|--------------------|-------------------|----------------------|-------------------|
| Bank loans and overdrafts | 23 | 27,324,851 | 26,375,135 | 8,228,326 | 7,004,973 |
| Trade creditors | | 13,193,198 | 9,050,296 | 6,092,732 | 4,572,134 |
| Amounts owed to undertakings in which the group has a participating interest | | 1,588,988 | 1,748,988 | - | - |
| Corporation tax payable | | 1,358,290 | 901,521 | 1,197,641 | 831,986 |
| Other taxation and social security | | 111,339 | 81,336 | 13,389 | 12,695 |
| Other creditors | | 1,423,422 | 752,422 | 325,899 | 2,322 |
| Accruals and deferred income | | 2,137,780 | 911,344 | 1,924,568 | 694,745 |
| | | <u>47,137,868</u> | <u>39,821,042</u> | <u>17,782,555</u> | <u>13,118,855</u> |

22 Creditors: amounts falling due after more than one year

| | Notes | Group 2019 £ | 2018 £ | Company 2019 £ | 2018 £ |
|---------------------------|-------|--------------------|----------------|----------------------|----------------|
| Bank loans and overdrafts | 23 | <u>407,850</u> | <u>550,079</u> | <u>407,850</u> | <u>550,079</u> |

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

| | | | | |
|------------------------|---------------|---------------|---------------|---------------|
| Payable by instalments | <u>57,438</u> | <u>87,025</u> | <u>57,438</u> | <u>87,025</u> |
|------------------------|---------------|---------------|---------------|---------------|

23 Loans and overdrafts

| | Group 2019 £ | 2018 £ | Company 2019 £ | 2018 £ |
|-------------------------|--------------------|-------------------|----------------------|------------------|
| Bank loans | 650,790 | 992,430 | 650,790 | 992,430 |
| Bank overdrafts | 27,081,911 | 25,932,784 | 7,985,386 | 6,562,622 |
| | <u>27,732,701</u> | <u>26,925,214</u> | <u>8,636,176</u> | <u>7,555,052</u> |
| Payable within one year | 27,324,851 | 26,375,135 | 8,228,326 | 7,004,973 |
| Payable after one year | <u>407,850</u> | <u>550,079</u> | <u>407,850</u> | <u>550,079</u> |

The bank borrowings of the group of £27,732,701 (2018: £26,925,214) are secured by way of a mortgage debenture and fixed and floating charges over the group's property and assets.

The bank borrowings of the company of £8,636,176 (2018: £7,555,052) are secured by way of a mortgage debenture and fixed and floating charges over the company's property and assets.

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

24 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

| | Liabilities 2019 £ | Liabilities 2018 £ |
|--------------------------------|--------------------------|--------------------------|
| Group | | |
| Accelerated capital allowances | 8,150 | 6,897 |
| | <u> </u> | <u> </u> |
| | Liabilities 2019 £ | Liabilities 2018 £ |
| Company | | |
| Accelerated capital allowances | 2,439 | 1,943 |
| | <u> </u> | <u> </u> |
| | Group 2019 £ | Company 2019 £ |
| Movements in the year: | | |
| Liability at 1 October 2018 | 6,897 | 1,943 |
| Charge to profit or loss | 1,253 | 496 |
| | <u> </u> | <u> </u> |
| Liability at 30 September 2019 | 8,150 | 2,439 |
| | <u> </u> | <u> </u> |

25 Retirement benefit schemes

| | 2019 £ | 2018 £ |
|---|-------------------|-------------------|
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | 81,606 | 222,898 |
| | <u> </u> | <u> </u> |

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

26 Share capital

| | Group and company 2019 £ | 2018 £ |
|-------------------------------------|--------------------------------|-------------------|
| Ordinary share capital | | |
| Issued and fully paid | | |
| 37,500 Ordinary A shares of £1 each | 37,500 | 37,500 |
| 12,500 Ordinary B shares of £1 each | 12,500 | 12,500 |
| | <u> </u> | <u> </u> |
| | 50,000 | 50,000 |
| | <u> </u> | <u> </u> |

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

26 Share capital

(Continued)

The Ordinary A and B shares constitute different classes of shares for the purposes of the Companies Act 2006. The Ordinary A shares and B shares rank pari passu in all respects except that the directors are empowered to declare dividends to any one or more of the share categories separately.

27 Financial commitments, guarantees and contingent liabilities

Loudwater Trade and Finance Limited have given a guarantee to the bankers of Discount My Fashion (Proprietary) Limited in respect of a loan provided to them. At the balance sheet date the outstanding amount on the bank loan was £371,640 (2018: £535,060).

The guarantee given was released subsequent to the year end.

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

28 Related party transactions

Remuneration of key management personnel

The company's key management personnel are considered to be the directors. Their remuneration during the year is shown in note 7.

Transaction with related parties

Barrow, Lane & Ballard Limited, Loudwater Enterprises Limited, Loudwater Management Limited, The Highland Egg Company Limited, GMH Trading Limited, Aventrix Limited, Africa Textiles Limited, Leigh Nominees Limited, Atlantix Commodities (UK) Limited and Stanmau Limited. All of these companies are incorporated in England and Wales and related by virtue of having common directors.

Discount My Fashion (Proprietary) Limited, incorporated in South Africa, a subsidiary of Africa Textiles Limited, a company in which Mr S S Stimler and Mr M Stimler are the directors and shareholders. Cardona Investments 374 (Proprietary) Limited is a shareholder of Discount My Fashion (Pty) Ltd.

Longson - BLB (UK) Limited, incorporated in England and Wales, a subsidiary of Barrow, Lane & Ballard Limited.

Longson - BLB Company Limited, incorporated in Vietnam, an associate of Barrow, Lane & Ballard Limited.

Grand NN, incorporated in the Russian Federation, a company in which Mr S S Stimler, a director, is a significant shareholder.

Atlantix Commodities LLC, a company registered in the USA. Atlantix Commodities (UK) Limited has a significant interest in Atlantix Commodities LLC.

The Loudwater 2 Pension Scheme.

The company has taken advantage of the exemption available in FRS 102 Section 33.1A "Related party disclosures" whereby it has not disclosed transactions with any wholly owned subsidiary undertaking.

During the year, the group made sales of £7,675,346 (2018: £5,475,614) to Cardona Investments 374 (Proprietary) Limited. Included within trade debtors is an amount of £7,666,621 (2018: £6,075,135) due to Loudwater Trade and Finance Limited.

There is a charge over the securities of Loudwater Trade and Finance Limited to secure 50% of a bank loan provided to Loudwater Management Limited. At the balance sheet date the total outstanding amount of the bank loan was £Nil (2018: £Nil).

Included within other debtors are amounts of £859,195, £263,931, £889,693, £710,688, £504,274, £25,150, £850,606, £5,319 and £1,626 (2018: £859,195, £276,528, £889,693, £691,378, £374,274, 19,401, £373,941, £Nil and £1,626) due from Grand NN, Highland Egg Company Limited, Aventrix Limited, Africa Textiles Limited, Stanmau Limited, Atlantix Commodities (UK) Limited, Atlantix Commodities LLC, Katfort Trading Limited and Citywell Corporation Ltd respectively.

29 Controlling party

The ultimate controlling interest is held by Mr M Stimler, who is a director and the majority shareholder of the company.

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

30 Cash generated from group operations

| | 2019 £ | 2018 £ |
|--|------------------|------------------|
| Profit for the year after tax | 4,347,931 | 5,253,624 |
| Adjustments for: | | |
| Share of results of associates and joint ventures | (11,005) | 23,716 |
| Minority interest | 149,557 | 339,850 |
| Taxation charged | 1,107,259 | 991,628 |
| Finance costs | 1,196,679 | 1,120,283 |
| Investment income | (30,976) | (21,012) |
| (Gain)/loss on disposal of tangible fixed assets | - | 624,775 |
| (Gain)/loss on disposal of intangible assets | - | 9,984 |
| Amortisation and impairment of intangible assets | 299,481 | 298,765 |
| Depreciation and impairment of tangible fixed assets | 29,025 | 29,950 |
| Movements in working capital: | | |
| (Increase)/decrease in stocks | (2,374,878) | 6,702,346 |
| Increase in debtors | (7,862,570) | (2,424,912) |
| Increase/(decrease) in creditors | 5,859,910 | (5,489,189) |
| Cash generated from operations | 2,710,413 | 7,459,808 |

31 Cash (absorbed by)/generated from operations - company

| | 2019 £ | 2018 £ |
|--|------------------|------------------|
| Profit for the year after tax | 4,015,842 | 3,186,054 |
| Adjustments for: | | |
| Taxation charged | 871,113 | 782,867 |
| Finance costs | 271,473 | 224,998 |
| Investment income | (250,000) | - |
| Depreciation and impairment of tangible fixed assets | 22,655 | 23,580 |
| Movements in working capital: | | |
| (Increase)/decrease in stocks | (921,592) | 1,414,614 |
| (Increase)/decrease in debtors | (7,559,119) | 1,824,838 |
| Increase/(decrease) in creditors | 3,074,692 | (1,603,038) |
| Cash (absorbed by)/generated from operations | (474,936) | 5,853,913 |

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