

# Overseas Trading Limited

Registered number: 04442532

## Directors' report and financial statements

For the year ended 31 May 2016

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**OVERSEAS TRADING LIMITED**

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## **OVERSEAS TRADING LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 MAY 2016**

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#### **Introduction**

The directors present their strategic report for the year ended 31 May 2016.

#### **Business review**

The company continues its focus on margins and is satisfied to report that the gross profit of the company has increased to £2,518,146 (2015 - £2,433,023). This focus on direct costs continued post year end and the company expects to maintain margin at current levels for the foreseeable future. The growth in gross profit is testament to the dedication and commitment of all those who work for the company at entry level who have provided a high quality service and commitment to our customers and suppliers.

The company has significantly strengthened its sales force in the United Kingdom, continental Europe and the Far East which has resulted in increased levels of trade with existing customers and the addition of new customers. Turnover has increased by 6.4% to £14.9m and continued investment in infrastructure and staff has seen profit before taxation increase from £44k to £213k.

The company has also continued to make investment in all aspects of its operations. This continual investment has enabled the company to provide real time solutions to both existing and new customers and improve efficiencies and reporting systems. This has greatly assisted in retaining existing and attracting new customers.

Management are confident that the investments made by the company have resulted in the company being ideally placed to take full advantage of the numerous opportunities that are available to them.

Post year end results confirm that the company is trading ahead of prior year at turnover, gross margin and profit before taxation levels.

Strict credit control procedures have kept bad debts at low levels. We will continue to keep tight control on all operational costs.

Trading conditions in our industry continue to be competitive and we will continue to provide a first class service to our customers at competitive prices. This will enable us to take full advantage of any increase in demand.

We will continue to monitor the performance of the company against detailed forecasts and industry performance indicators, on a regular basis.

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

##### **Operational risk**

The company has solid reporting systems and produces timely and accurate management information which is regularly reviewed by the directors.

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## OVERSEAS TRADING LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MAY 2016

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#### Credit risk

The company's principle financial assets are stock and trade debtors that represent the company's maximum exposure to credit risk in relation to financial assets.

The credit risk is primarily attributable to its trade debtors. The risk is managed by maintaining a strict credit policy and effective credit rating of current and prospective customers.

The company has no significant concentration of credit risk with exposure spread over a large number of customers.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

#### Liquidity risk

The company's policy has been to ensure continuity of funding through bank funding. The company has sufficient banking facilities in place to meet current and future working capital requirements.

#### Financial key performance indicators

The directors consider the financial KPI's of the business to be:

- Turnover;
- Gross margin;
- Operational costs;
- Debt levels; and
- Stock levels.

These are monitored on a weekly basis and resultant actions are taken as and when necessary.

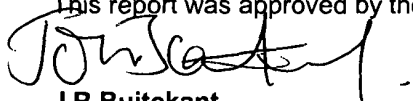
In addition, non-financial KPI's are:

- High standard of customer service;
- Health & safety compliance; and
- Environmental issues.

#### Future prospects

The company will continue to pursue increased efficiencies thereby maintain margins into the foreseeable future.

This report was approved by the board on 27<sup>th</sup> February 2017 and signed on its behalf.



**J R Buitekant**  
Director

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## **OVERSEAS TRADING LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2016**

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The directors present their report and the financial statements for the year ended 31 May 2016.

#### **Directors' responsibilities statement**

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £169,267 (2015 - £23,912).

#### **Directors**

The directors who served during the year were:

R B Segal  
J R Buitekant  
P R Jennings  
D R Wain

#### **Future developments**

The company continues to research and monitor both the micro and macro environment in which it operates in and are ideally placed to take remedial action should there be any adverse changes in their economic environment.

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**OVERSEAS TRADING LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MAY 2016**

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**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.

**Auditor**

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

This report was approved by the board on 27<sup>TH</sup> February 2017 and signed on its behalf.



**J R Buitekant**  
Director

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## **OVERSEAS TRADING LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OVERSEAS TRADING LIMITED**

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We have audited the financial statements of Overseas Trading Limited for the year ended 31 May 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standards applicable in the UK and Republic of Ireland".

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. 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.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 May 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 "The Financial Reporting Standards applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on the other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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**OVERSEAS TRADING LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OVERSEAS TRADING LIMITED**

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**Matters on which we are required to report by exception**

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

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

*Ian Wrightson,*

Ian Wrightson (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Mazars House  
Gelderd Road  
Gildersome  
Leeds  
LS27 7JN

Date: *27<sup>th</sup> February 2017*



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**OVERSEAS TRADING LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MAY 2016**

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	Note	2016 £	2015 £
Turnover	4	14,885,384	13,995,108
Cost of sales		(12,367,238)	(11,562,085)
<b>Gross profit</b>		<u>2,518,146</u>	<u>2,433,023</u>
Administrative expenses		(2,297,524)	(2,376,938)
<b>Operating profit</b>	5	<u>220,622</u>	<u>56,085</u>
Interest payable and expenses	9	(7,898)	(11,893)
<b>Profit before tax</b>		<u>212,724</u>	<u>44,192</u>
Tax on profit	10	(43,457)	(20,280)
<b>Profit for the year</b>		<u>169,267</u>	<u>23,912</u>
 <b>Total comprehensive income for the year</b>		<u>169,267</u>	<u>23,912</u>

**OVERSEAS TRADING LIMITED**  
**REGISTERED NUMBER: 04442532**

**BALANCE SHEET**  
**AS AT 31 MAY 2016**

	Note	£	2016 £	£	2015 £
<b>Fixed assets</b>					
Tangible assets	12		120,595		105,336
			<u>120,595</u>		<u>105,336</u>
<b>Current assets</b>					
Stocks	13	3,047,943		2,963,455	
Debtors: amounts falling due within one year	14	2,991,922		2,860,497	
Cash at bank and in hand	15	294,384		38,908	
		<u>6,334,249</u>		<u>5,862,860</u>	
Creditors: amounts falling due within one year	16	(5,406,344)		(4,998,259)	
<b>Net current assets</b>			<u>927,905</u>		<u>864,601</u>
<b>Total assets less current liabilities</b>			<u>1,048,500</u>		<u>969,937</u>
Creditors: amounts falling due after more than one year	17		(390,675)		(365,456)
<b>Provisions for liabilities</b>					
Deferred tax	20	(2,667)		(1,168)	
			<u>(2,667)</u>		<u>(1,168)</u>
<b>Net assets</b>			<u><u>655,158</u></u>		<u><u>603,313</u></u>
<b>Capital and reserves</b>					
Called up share capital	21		100		100
Profit and loss account	22		655,058		603,213
			<u><u>655,158</u></u>		<u><u>603,313</u></u>

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



**J R Buitekant**  
 Director

The notes on pages 11 to 26 form part of these financial statements.

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**OVERSEAS TRADING LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MAY 2016**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 June 2015	100	603,213	603,313
<b>Comprehensive income for the year</b>			
Profit for the year	-	169,267	169,267
<b>Total comprehensive income for the year</b>	-	169,267	169,267
Dividends: Equity capital	-	(117,422)	(117,422)
<b>At 31 May 2016</b>	<b>100</b>	<b>655,058</b>	<b>655,158</b>

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MAY 2015**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 June 2014	100	611,301	611,401
<b>Comprehensive income for the year</b>			
Profit for the year	-	23,912	23,912
<b>Total comprehensive income for the year</b>	-	23,912	23,912
Dividends: Equity capital	-	(32,000)	(32,000)
<b>At 31 May 2015</b>	<b>100</b>	<b>603,213</b>	<b>603,313</b>

The notes on pages 11 to 26 form part of these financial statements.

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**OVERSEAS TRADING LIMITED**

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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MAY 2016**

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	2016 £	2015 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	169,267	23,912
<b>Adjustments for:</b>		
Depreciation of tangible assets	34,735	34,144
Loss on disposal of tangible assets	(5,360)	3,530
Interest paid	7,898	11,893
Taxation charge	43,457	20,280
Decrease/(increase) in stocks	35,841	(135,231)
(Increase)/decrease in debtors	(251,754)	103,990
(Decrease) in creditors	(53,073)	(327,894)
(Decrease)/increase in amounts owed to participating ints	(2,601)	2,601
Corporation tax (paid)	(18,421)	(33,717)
<b>Net cash generated from operating activities</b>	<b>(40,011)</b>	<b>(296,492)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(57,635)	(25,297)
Sale of tangible fixed assets	13,000	9,001
HP interest paid	(4,452)	(4,182)
<b>Net cash from investing activities</b>	<b>(49,087)</b>	<b>(20,478)</b>
<b>Cash flows from financing activities</b>		
New secured loans	293,837	-
Repayment of loans	-	(49,612)
Repayment of/new finance leases	30,706	(26,048)
Movements on invoice discounting	(56,263)	181,694
Dividends paid	(117,422)	(32,000)
Interest paid	(3,446)	(7,711)
<b>Net cash used in financing activities</b>	<b>147,412</b>	<b>66,323</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>58,314</b>	<b>(250,647)</b>
Cash and cash equivalents at beginning of year	(84,437)	166,211
<b>Cash and cash equivalents at the end of year</b>	<b>(26,123)</b>	<b>(84,436)</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	294,384	38,908
Bank overdraft	(320,507)	(123,344)
	<b>(26,123)</b>	<b>(84,436)</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2016**

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**1. General information**

The legal form of the company is that of a company limited by shares.

The company is incorporated in England and Wales.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

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

Information on the impact of first-time adoption of FRS 102 is given in note 27.

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's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 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:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**2.3 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.

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## OVERSEAS TRADING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

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#### 2. Accounting policies (continued)

##### 2.3 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as detailed in the table below.

Depreciation is provided on the following basis:

Motor vehicles	-	25% reducing balance
Office equipment	-	25% reducing balance

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 Comprehensive Income.

##### 2.4 Stocks

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

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

##### 2.5 Debtors

Short term debtors are measured at transaction price, less any impairment.

##### 2.6 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2016**

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**2. Accounting policies (continued)**

**2.7 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

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 payables or receivables, 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 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.

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The Company does not currently apply hedge accounting for foreign exchange derivatives.

**2.8 Creditors**

Short term creditors are measured at the transaction price.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2016

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**2. Accounting policies (continued)**

**2.9 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Income Statement within 'other operating income'.

**2.10 Finance costs**

Finance costs are charged to the Income Statement 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.

**2.11 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.

**2.12 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**2.13 Borrowing costs**

All borrowing costs are recognised in the Income Statement in the year in which they are incurred.



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**OVERSEAS TRADING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2016**

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**2. Accounting policies (continued)****2.14 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 Income Statement 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.

**2.15 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2016**

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

**Critical judgements in applying the Company's accounting policies**

The critical judgements that the directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

**Assessing indicators of impairment**

In assessing whether there have been any indicators of impairment assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability and where applicable, the ability of the asset to be operated as planned. There have been no indicators of impairments identified during the current financial year.

**Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**(i) Estimating value in use**

Where an indication of impairment exists, the directors have carried out an impairment review to determine the recoverable amount of the asset, which is the higher of fair value less cost to sell and value in use. The value in use calculation has required the directors to estimate the future cash flows expected to arise from the asset or the cash generating unit and determine a suitable discount rate in order to calculate present value.

**(ii) Recoverability of receivables**

The Company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors have considered factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

**(iii) Determining residual values and useful economic lives of tangible assets**

The Company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of tangible assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied.

Judgement is also applied, when determining the residual values for fixed assets. When determining the residual value, the directors have assessed the amount that the Company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful life. Where possible this is done with reference to external market prices.

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**OVERSEAS TRADING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2016**

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**4. Turnover**

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	13,543,959	12,837,228
Rest of Europe	1,335,692	1,136,974
Rest of the world	5,733	20,906
	<u>14,885,384</u>	<u>13,995,108</u>

**5. Operating profit**

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation - owned by the company	15,974	17,445
Depreciation - held under finance leases	18,761	16,699
(Profit)/Loss on sale of tangible assets	(5,360)	3,530
Exchange differences	(13,126)	(3,412)
Operating lease rentals	50,500	45,746
	<u>56,749</u>	<u>73,908</u>

**6. Auditor's remuneration**

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	<u>11,000</u>	<u>10,500</u>
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
The auditing of accounts of associates of the Company pursuant to legislation	2,600	2,600
All other services	<u>3,231</u>	<u>7,863</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**7. Employees**

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

	<b>2016 £</b>	<b>2015 £</b>
Wages and salaries	1,159,627	1,185,616
Social security costs	108,489	119,091
	<u>1,268,116</u>	<u>1,304,707</u>

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

	<b>2016 No.</b>	<b>2015 No.</b>
Directors	4	4
Sales	10	9
Office	19	18
	<u>33</u>	<u>31</u>

**8. Directors' remuneration**

	<b>2016 £</b>	<b>2015 £</b>
Directors' emoluments	<u>312,814</u>	<u>370,131</u>

**9. Interest payable and similar charges**

	<b>2016 £</b>	<b>2015 £</b>
Bank interest payable	3,446	7,711
Finance leases and hire purchase contracts	4,452	4,182
	<u>7,898</u>	<u>11,893</u>

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**10. Taxation**

	2016 £	2015 £
<b>Corporation tax</b>		
Current tax on profits for the year	41,958	9,845
Adjustments in respect of previous periods	-	9,273
	<u>41,958</u>	<u>19,118</u>
<b>Total current tax</b>	<u>41,958</u>	<u>19,118</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	1,612	1,162
Losses and other deductions	(113)	-
<b>Total deferred tax</b>	<u>1,499</u>	<u>1,162</u>
<b>Taxation on profit on ordinary activities</b>	<u>43,457</u>	<u>20,280</u>

**Factors affecting tax charge for the year**

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

	2016 £	2015 £
Profit on ordinary activities before tax	<u>212,724</u>	<u>44,192</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	42,545	8,838
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,702	1,354
Capital allowances for year in excess of depreciation	(2,896)	(1,629)
Adjustments to tax charge in respect of prior periods	(1,168)	9,273
Other timing differences leading to an increase / (decrease) in taxation	3,274	2,444
<b>Total tax charge for the year</b>	<u>43,457</u>	<u>20,280</u>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

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**OVERSEAS TRADING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2016**

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**11. Dividends**

	2016 £	2015 £
Dividends paid on equity capital	117,422	32,000

**12. Tangible fixed assets**

	Motor vehicles £	Office equipment £	Total £
<b>Cost or valuation</b>			
At 1 June 2015	102,511	194,231	296,742
Additions	57,635	-	57,635
Disposals	(28,794)	-	(28,794)
At 31 May 2016	131,352	194,231	325,583
<b>Depreciation</b>			
At 1 June 2015	52,361	139,046	191,407
Charge for period on owned assets	20,939	13,796	34,735
Disposals	(21,154)	-	(21,154)
At 31 May 2016	52,146	152,842	204,988
<b>Net book value</b>			
At 31 May 2016	79,206	41,389	120,595
At 31 May 2015	50,151	55,185	105,336

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

	2016 £	2015 £
Motor vehicles	60,297	41,423
	60,297	41,423

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**OVERSEAS TRADING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**13. Stocks**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Finished goods	3,047,943	2,963,455

Stock recognised in cost of sales during the year as an expense was £12,367,238 (2015 - £11,562,085).

**14. Debtors**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Trade debtors	2,624,184	2,690,826
Other debtors	282,377	101,899
Prepayments and accrued income	85,361	67,772
	<u>2,991,922</u>	<u>2,860,497</u>

**15. Cash and cash equivalents**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	294,384	38,908
Less: bank overdraft	(320,507)	(123,345)
	<u>(26,123)</u>	<u>(84,437)</u>

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**16. Creditors: Amounts falling due within one year**

	2016 £	2015 £
Bank overdraft	320,507	123,345
Bank loan	1,452,032	1,158,195
Trade creditors	975,673	1,140,217
Amounts owed to other participating interests	-	2,601
Corporation tax	42,655	19,117
Taxation and social security	75,494	95,160
Obligations under finance lease and hire purchase contracts	20,198	14,712
Invoice discounting creditor	2,199,092	2,255,356
Accruals and deferred income	320,693	189,556
	<u>5,406,344</u>	<u>4,998,259</u>

**Secured loans**

The bank loan and overdraft are secured by a fixed and floating charge over all the assets of the company, a charge over contract monies, and a charge over a personal property and life policy owned by R B Segal, a director.

The invoice discounting creditor is secured by a charge over the company's trade debtors.

The finance leases and hire purchase contracts are secured on the relevant assets.

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

	2016 £	2015 £
Net obligations under finance leases and hire purchase contracts	39,469	14,250
Other creditors	351,206	351,206
	<u>390,675</u>	<u>365,456</u>

**Secured loans**

The finance leases and hire purchase contracts are secured on the relevant assets.



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**NOTES TO THE FINANCIAL STATEMENTS  
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**18. Hire purchase & finance leases**

Minimum lease payments under hire purchase fall due as follows:

	2016 £	2015 £
Within one year	20,198	14,713
Between 1-2 years	17,153	8,915
Between 2-5 years	22,317	5,334
	<u>59,668</u>	<u>28,962</u>

**19. Financial instruments**

	2016 £	2015 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	294,384	38,908
Financial assets that are debt instruments measured at amortised cost	3,026,889	2,792,725
	<u>3,321,273</u>	<u>2,831,633</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(3,420,111)	(2,965,120)
	<u>(3,420,111)</u>	<u>(2,965,120)</u>

Financial assets measured at fair value through the income statement comprise of cash at bank and in hand.

Financial assets measured at amortised cost comprise trade and other debtors.

Financial liabilities measured at amortised cost comprise trade and other creditors including amounts falling due after more than one year, but excluding those amounts relating to corporation tax, social security, obligations under finance lease and hire purchase contracts and invoice discounting creditors.

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**OVERSEAS TRADING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2016**

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**20. Deferred taxation**

	<b>2016</b>
	<b>£</b>
At beginning of year	(1,168)
Charged to the Statement of Comprehensive Income	(1,499)
<b>At end of year</b>	<u>(2,667)</u>

The provision for deferred taxation is made up as follows:

	<b>2016</b>
	<b>£</b>
Accelerated capital allowances	(2,667)
	<u>(2,667)</u>

**21. Share capital**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Shares classified as equity</b>		
<b>Authorised, allotted, called up and fully paid</b>		
3,200 (2015 - 5,000) Ordinary 'A' shares shares of £0.01 each	32	50
3,500 (2015 - 5,000) Ordinary 'B' shares shares of £0.01 each	35	50
3,300 Ordinary shares shares of £0.01 each	33	-
	<u>100</u>	<u>100</u>

All share types hold the same voting rights and rank pari passu.

During the financial year, the Company redesignated certain of its "A" and "B" shares as Ordinary shares.

**22. Reserves****Profit & loss account**

The profit and loss accounts represents historic profits retained by the Company.

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**OVERSEAS TRADING LIMITED**

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**23. Commitments under operating leases**

At 31 May 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	15,590	-
Later than 1 year and not later than 5 years	57,330	85,207
	<u>72,920</u>	<u>85,207</u>
	2016 £	2015 £
Later than 1 year and not later than 5 years	180,000	234,000
	<u>180,000</u>	<u>234,000</u>

**24. Other financial commitments**

As at 31 May 2016, the Company had entered into foreign exchange forward contracts amounting to £3,557,163 (2015 - £6,150,088) to purchase United States Dollars and Euros.

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**25. Related party transactions****Directors' loan accounts**

Loans due to directors are shown in the table below. Dividends were paid to the directors during the year amounting to £106,215 (2015 - £32,000).

**OTL Europe**

Two of the directors have an interest in this company registered in Poland, with which there have been transactions in the year, and balances at the year end as shown in the table below. Total sales to OTL Europe during the year were £12 (2015 - £28,858).

**Spot On-line**

Two of the directors have an interest in this company registered in the UK. The balance at the year end is shown in the table below.

Balances (owed to) / owed by related parties:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
OTL Europe	281,320	42,224
Spot On-line Limited	(2,331)	(2,601)
M R Segal	(311,312)	(311,312)
Mr J Buitekant	(39,894)	(39,894)
	<u>          </u>	<u>          </u>

**26. Controlling party**

The is no single ultimate controlling party.

**27. First time adoption of FRS 102**

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.