

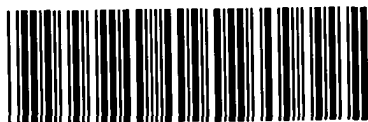
# Overseas Trading Limited

Registered number: 04442532

## Annual report and financial statements

For the year ended 31 May 2017

WEDNESDAY



\*A76JHMYX\*

A13

23/05/2018

#338

COMPANIES HOUSE

---

**OVERSEAS TRADING LIMITED**

---

**COMPANY INFORMATION**

---

<b>Directors</b>	R B Segal J R Buitekant P R Jennings D R Wain
<b>Company secretary</b>	J R Buitekant
<b>Registered number</b>	04442532
<b>Registered office</b>	OTL House Methley Road Castleford West Yorkshire WF10 1PA
<b>Auditors</b>	Mazars LLP Chartered Accountants & Statutory Auditor Mazars House Gelderd Road Gildersome Leeds LS27 7JN
<b>Bankers</b>	HSBC Bank Plc 33 Park Row Leeds West Yorkshire LS1 1LD

---

**OVERSEAS TRADING LIMITED**

---

**CONTENTS**

---

	Page
<b>Strategic Report</b>	<b>1 - 2</b>
<b>Directors' Report</b>	<b>3 - 4</b>
<b>Independent Auditor's Report</b>	<b>5 - 7</b>
<b>Statement of Comprehensive Income</b>	<b>8</b>
<b>Balance Sheet</b>	<b>9</b>
<b>Statement of Changes in Equity</b>	<b>10</b>
<b>Statement of Cash Flows</b>	<b>11 - 12</b>
<b>Notes to the Financial Statements</b>	<b>13 - 29</b>

---

## **OVERSEAS TRADING LIMITED**

---

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 MAY 2017**

---

#### **Introduction**

The directors present their strategic report for the year ended 31 May 2017.

#### **Business review**

The company continues its focus on margins and is satisfied to report that the gross profit of the company has increased to £2,689k (2016 - £2,518k). This focus on direct costs continued post year end and the company expects to maintain margin at current levels for the foreseeable future. The continued growth in gross profit is a reflection of the dedication and commitment of all those who work for the company.

The company has continued to strengthen its sales force in the United Kingdom and continental Europe which has resulted in increased levels of trade with existing customers and the addition of new customers. Turnover has increased by 10.9% to £16,510k and continued investment in infrastructure and staff has seen profit before taxation increase from £213k to £301k.

The company has also continued to make investment in all aspects of its operations including own warehousing. 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 continues to assist in retaining existing and attracting new customers.

Management are confident that continued investments made by the company result in the company being still 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.

---

## OVERSEAS TRADING LIMITED

---

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MAY 2017

---

#### 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.

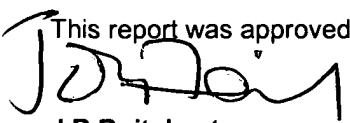
These are monitored on a weekly basis and resultant actions are taken as and when necessary.

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 22/5/2018  
  
J R Buitekant  
Director

and signed on its behalf.

---

## **OVERSEAS TRADING LIMITED**

---

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2017**

---

The directors present their report and the financial statements for the year ended 31 May 2017.

#### **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; 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £254,016 (2016 - £169,267).

#### **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.

---

**OVERSEAS TRADING LIMITED**

---

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MAY 2017**

---

**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 22/5/2018 and signed on its behalf.



**J R Buitekant**  
Director

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

---

**Opinion**

We have audited the financial statements of Overseas Trading Limited (the 'Company') for the year ended 31 May 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity 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 Company's affairs as at 31 May 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Use of the audit 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.

**Conclusions relating to going concern**

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

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



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

---

**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.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and 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 light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime.

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

---

**Responsibilities of Directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors intend to liquidate the 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 [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



Craig Manson (Senior statutory auditor)

for and on behalf of

Mazars LLP

Chartered Accountants and Statutory Auditor

Mazars House  
Gelderd Road  
Gildersome  
Leeds  
LS27 7JN

Date: 23 May 2018

---

**OVERSEAS TRADING LIMITED**

---

---

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MAY 2017**

---

	Note	2017 £	2016 £
Turnover	4	16,510,150	14,885,384
Cost of sales		(13,821,554)	(12,367,238)
<b>Gross profit</b>		<u>2,688,596</u>	<u>2,518,146</u>
Administrative expenses		(2,376,657)	(2,297,524)
<b>Operating profit</b>	5	311,939	220,622
Interest receivable and similar income	9	72	-
Interest payable and expenses	10	(11,184)	(7,898)
<b>Profit before tax</b>		<u>300,827</u>	<u>212,724</u>
Tax on profit	11	(46,811)	(43,457)
<b>Profit for the financial year</b>		<u><u>254,016</u></u>	<u><u>169,267</u></u>

There was no other comprehensive income for 2017 (2016: £NIL).

The notes on pages 13 to 29 form part of these financial statements.

**BALANCE SHEET**  
**AS AT 31 MAY 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	13	270,232	120,595
		<u>270,232</u>	<u>120,595</u>
<b>Current assets</b>			
Stocks	14	2,891,125	3,047,943
Debtors: amounts falling due within one year	15	3,556,357	2,994,253
Cash at bank and in hand	16	209,840	294,384
		<u>6,657,322</u>	<u>6,336,580</u>
Creditors: amounts falling due within one year	17	(5,715,901)	(5,408,675)
<b>Net current assets</b>		<u>941,421</u>	<u>927,905</u>
<b>Total assets less current liabilities</b>		<u>1,211,653</u>	<u>1,048,500</u>
Creditors: amounts falling due after more than one year	18	(479,974)	(390,675)
<b>Provisions for liabilities</b>			
Deferred tax	21	(28,348)	(2,667)
		<u>(28,348)</u>	<u>(2,667)</u>
<b>Net assets</b>		<u><u>703,331</u></u>	<u><u>655,158</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	100	100
Profit and loss account	23	703,231	655,058
		<u>703,331</u>	<u>655,158</u>

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



22<sup>nd</sup> May 2018.

**J R Buitekant**  
Director

The notes on pages 13 to 29 form part of these financial statements.

---

**OVERSEAS TRADING LIMITED**

---

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MAY 2017**

---

	<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
Dividends: Equity capital	-	(117,422)	(117,422)
At 1 June 2016	100	655,058	655,158
<b>Comprehensive income for the year</b>			
Profit for the year	-	254,016	254,016
Dividends: Equity capital	-	(205,843)	(205,843)
<b>At 31 May 2017</b>	<b>100</b>	<b>703,231</b>	<b>703,331</b>

---

**OVERSEAS TRADING LIMITED**

---

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MAY 2017**

---

	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	254,016	169,267
<b>Adjustments for:</b>		
Depreciation of tangible assets	32,200	34,735
Loss on disposal of tangible assets	(2,183)	(5,360)
Interest paid	11,184	7,898
Interest received	(72)	-
Taxation charge	46,811	43,457
Decrease in stocks	156,818	35,841
(Increase) in debtors	(546,689)	(254,085)
Increase/(decrease) in creditors	409,143	(50,742)
Increase/(decrease) in amounts owed to associates	-	(2,601)
Corporation tax (paid)	(58,972)	(18,421)
<b>Net cash generated from operating activities</b>	<b>302,256</b>	<b>(40,011)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(194,162)	(57,635)
Sale of tangible fixed assets	14,506	13,000
Interest received	72	-
HP interest paid	(4,859)	(4,452)
<b>Net cash from investing activities</b>	<b>(184,443)</b>	<b>(49,087)</b>
<b>Cash flows from financing activities</b>		
New secured loans	273,390	293,837
Repayment of/new finance leases	114,993	30,706
Movements on invoice discounting	(157,573)	(56,263)
Dividends paid	(205,843)	(117,422)
Interest paid	(6,325)	(3,446)
<b>Net cash used in financing activities</b>	<b>18,642</b>	<b>147,412</b>
<b>Net increase in cash and cash equivalents</b>	<b>136,455</b>	<b>58,314</b>

---

**OVERSEAS TRADING LIMITED**

---

---

**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MAY 2017**

---

	2017 £	2016 £
Cash and cash equivalents at beginning of year	(26,123)	(84,437)
<b>Cash and cash equivalents at the end of year</b>	<u>110,332</u>	<u>(26,123)</u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	209,840	294,384
Bank overdrafts	(99,508)	(320,507)
	<u>110,332</u>	<u>(26,123)</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2017**

---

**1. General information**

Overseas Trading Limited, company number 04442532, is registered under the Companies Act in England and Wales.

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

The address of the registered office and principal place of business is:

OTL House  
Methley Road  
Castleford  
West Yorkshire  
WF10 1PA

The principal activity of the company is agents for the sale of imported goods.

These financial statements have been presented in Pounds Sterling as this is the currency of the primary economic environment in which the company operates.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

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

The 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2017**

---

**2. Accounting policies (continued)**

**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.

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
Fixtures & fittings	-	10% straight line
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. Work in progress and finished goods include labour and attributable overheads.

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 2017**

---

**2. Accounting policies (continued)**

**2.7 Financial instruments**

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

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

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

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 of the recoverable amount, 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 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 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 interest rate and 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 2017**

---

**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 Statement of Comprehensive Income 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 Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

**2.10 Finance costs**

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

**2.11 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. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

**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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2017**

---

**2. Accounting policies (continued)**

**2.13 Interest income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

**2.14 Borrowing costs**

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

**2.15 Provisions for liabilities**

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

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

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

**2.16 Current and deferred taxation**

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2017**

---

**3. Judgements 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.

---

**OVERSEAS TRADING LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2017**

---

**4. Turnover**

Analysis of turnover by country of destination:

	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
United Kingdom	14,497,433	13,543,959
Rest of Europe	1,993,903	1,335,692
Rest of the world	18,814	5,733
	<u>16,510,150</u>	<u>14,885,384</u>

**5. Operating profit**

The operating profit is stated after charging:

	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
Depreciation - owned by the company	14,454	15,974
Depreciation - held under finance leases	17,092	18,761
(Profit)/Loss on sale of tangible assets	-	(5,360)
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	11,750	11,000
Exchange differences	(24,309)	(13,126)
Rent	60,957	50,500
	<u>60,957</u>	<u>50,500</u>

**6. Auditor's remuneration**

	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
Fees payable to the Company's auditor for the audit of the Company's annual accounts	<u>11,750</u>	<u>11,000</u>
<b>Fees payable to the Company's auditor in respect of:</b>		
All other services	<u>15,525</u>	<u>24,555</u>

---

**OVERSEAS TRADING LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2017**

---

**7. Employees**

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

	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
Wages and salaries	1,139,901	1,106,616
Social security costs	109,726	108,489
	<u>1,249,627</u>	<u>1,215,105</u>

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

	<b>2017</b> <b>No.</b>	<b>2016</b> <b>No.</b>
Directors	4	4
Sales	10	10
Office	20	19
	<u>34</u>	<u>33</u>

**8. Directors' remuneration**

	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
Directors' emoluments	<u>295,626</u>	<u>312,814</u>

The highest paid director received remuneration of £95,778 (2016 - £92,000).

**9. Interest receivable**

	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
Other interest receivable	<u>72</u>	<u>-</u>
	<u>72</u>	<u>-</u>

---

**OVERSEAS TRADING LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2017**

---

**10. Interest payable and similar charges**

	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
Bank interest payable	6,325	3,446
Finance leases and hire purchase contracts	4,859	4,452
	<u>11,184</u>	<u>7,898</u>

**11. Taxation**

	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
<b>Corporation tax</b>		
Current tax on profits for the year	21,130	41,958
<b>Total current tax</b>	<u>21,130</u>	<u>41,958</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	29,700	1,612
Changes to tax rates	(176)	-
Adjustments in respect of previous periods	(3,843)	-
Losses and other deductions	-	(113)
<b>Total deferred tax</b>	<u>25,681</u>	<u>1,499</u>
<b>Taxation on profit on ordinary activities</b>	<u>46,811</u>	<u>43,457</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2017**

---

**11. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2016 - higher than) the standard rate of corporation tax in the UK of 19.83% (2016 - 20%). The differences are explained below:

	<b>2017</b> £	<b>2016</b> £
Profit on ordinary activities before tax	300,827	212,724
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.83% (2016 - 20%)	59,654	42,545
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,542	1,702
Adjustments to tax charge in respect of prior periods	(1,170)	(1,168)
Short term timing difference leading to a decrease in taxation	-	(2,896)
Double taxation relief	(5,918)	-
Difference due to change in rate of deferred tax	176	-
Other differences leading to a (decrease)/increase in the tax charge	(9,473)	3,274
<b>Total tax charge for the year</b>	<b>46,811</b>	<b>43,457</b>

**Factors that may affect future tax charges**

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 17% (effective from 1 April 2020) was substantively enacted in September 2017 and has therefore been considered when calculating deferred tax at the reporting date. Deferred tax balances at the reporting date are measured at 17% (2016: 20%).

**12. Dividends**

	<b>2017</b> £	<b>2016</b> £
Dividends paid on equity capital	205,843	117,422

---

**OVERSEAS TRADING LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2017**

---

**13. Tangible fixed assets**

	Motor vehicles £	Fixtures & fittings £	Office equipment £	Total £
<b>Cost or valuation</b>				
At 1 June 2016	131,352	-	194,231	325,583
Additions	21,390	172,771	-	194,161
Disposals	(45,969)	-	-	(45,969)
At 31 May 2017	106,773	172,771	194,231	473,775
<b>Depreciation</b>				
At 1 June 2016	52,146	-	152,842	204,988
Charge for the year on owned assets	21,853	-	10,347	32,200
Disposals	(33,645)	-	-	(33,645)
At 31 May 2017	40,354	-	163,189	203,543
<b>Net book value</b>				
At 31 May 2017	66,419	172,771	31,042	270,232
At 31 May 2016	79,206	-	41,389	120,595

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

	2017 £	2016 £
Motor vehicles	62,936	60,297
Furniture, fittings and equipment	172,771	-
	235,707	60,297

**14. Stocks**

	2017 £	2016 £
Finished goods	2,891,125	3,047,943

Stock recognised in cost of sales during the year as an expense was £13,821,554 (2016 - £12,367,238).

---

**OVERSEAS TRADING LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2017**

---

**15. Debtors**

	2017 £	2016 £
Trade debtors	3,114,432	2,624,184
Other debtors	354,762	284,708
Prepayments and accrued income	87,163	85,361
	<u>3,556,357</u>	<u>2,994,253</u>

**16. Cash and cash equivalents**

	2017 £	2016 £
Cash at bank and in hand	209,840	294,384
Less: bank overdraft	(99,508)	(320,507)
	<u>110,332</u>	<u>(26,123)</u>

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

	2017 £	2016 £
Bank overdrafts	99,508	320,507
Bank loans	1,725,422	1,452,032
Trade creditors	1,296,344	975,672
Corporation tax	20,228	42,655
Other taxation and social security	61,732	75,495
Obligations under finance lease and hire purchase contracts	45,892	20,198
Proceeds of factored debts	2,041,519	2,199,092
Other creditors	2,331	2,331
Accruals and deferred income	422,925	320,693
	<u>5,715,901</u>	<u>5,408,675</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.

---

**OVERSEAS TRADING LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2017**

---

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

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Net obligations under finance leases and hire purchase contracts	128,768	39,469
Other creditors	351,206	351,206
	<u>479,974</u>	<u>390,675</u>

**Secured loans**

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

**19. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Within one year	44,523	20,198
Between 1-5 years	40,788	17,153
Over 5 years	87,981	22,317
	<u>173,292</u>	<u>59,668</u>

---

**OVERSEAS TRADING LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2017**

---

**20. Financial instruments**

	2017 £	2016 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	209,840	294,384
Financial assets that are debt instruments measured at amortised cost	3,469,194	2,908,892
	<u>3,679,034</u>	<u>3,203,276</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(3,897,735)</u>	<u>(3,422,442)</u>

Financial assets measured at fair value through the profit and loss account 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 bank loans and overdrafts, trade creditors and accruals and deferred income.

---

**OVERSEAS TRADING LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2017**

---

**21. Deferred taxation**

	<b>2017 £</b>
At beginning of year	(2,667)
Charged to the Statement of Comprehensive Income	(25,681)
<b>At end of year</b>	<b>(28,348)</b>

The provision for deferred taxation is made up as follows:

	<b>2017 £</b>	<b>2016 £</b>
Accelerated capital allowances	(28,348)	(2,667)

**22. Share capital**

	<b>2017 £</b>	<b>2016 £</b>
<b>Authorised, allotted, called up and fully paid</b>		
3,200 Ordinary 'A' shares shares of £0.01 each	32	32
3,500 Ordinary 'B' shares shares of £0.01 each	35	35
3,300 Ordinary shares shares of £0.01 each	33	33
	<u>100</u>	<u>100</u>

All classes of share confer the same voting rights and rank pari passu.

**23. Reserves****Profit & loss account**

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

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2017**

---

**24. Commitments under operating leases**

At 31 May 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>2017 £</b>	<b>2016 £</b>
<b>Other</b>		
Not later than 1 year	51,808	15,590
Later than 1 year and not later than 5 years	151,400	57,330
	<u>203,208</u>	<u>72,920</u>
	<b>2017 £</b>	<b>2016 £</b>
<b>Land and buildings</b>		
Not later than 1 year	54,000	54,000
Later than 1 year and not later than 5 years	72,000	126,000
	<u>126,000</u>	<u>180,000</u>

**25. Other financial commitments**

As at 31 May 2017, the Company had entered into foreign exchange forward contracts amounting to £11,623,499 (2016 - £3,557,163) to purchase United States Dollars and Euros.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2017**

---

**26. 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 £205,843 (2016 - £106,215).

**OTL Europe**

Two of the directors have an interest in this company registered in Poland and balances at the year end as shown in the table below. Total sales to OTL Europe during the year were £NIL (2016 - £12).

**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:

	2017 £	2015 £
OTL Europe	97,525	281,320
Spot On-line Limited	(2,331)	(2,331)
M R Segal	(311,312)	(311,312)
Mr J Buitekant	(39,894)	(39,894)
	<u>          </u>	<u>          </u>

**27. Controlling party**

The ultimate controlling party is J R Buitekant.