

Company Registration No. 08276263 (England and Wales)

GLOBEGOLD LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

GLOBEGOLD LIMITED

COMPANY INFORMATION

Directors	M J Harrison L Harrison J Harrison W Harrison
Company number	08276263
Registered office	Westgate Chambers 8a Elm Park Road Pinner Middlesex HA5 3LA
Auditor	Morgan Berkeley Limited Westgate Chambers 8a Elm Park Road Pinner Middlesex HA5 3LA
Business address	Hubert Road Brentwood Essex CM14 4JE

GLOBEGOLD LIMITED

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GLOBEGOLD LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present the strategic report for the year ended 31 March 2020.

Fair review of the business

The principal activity of the company and the group continued to be that of letting commercial properties and manufacturing and retailing of fitted bedroom, bathroom and home office furniture. The results for the year and financial position at the year end were considered satisfactory by the directors.

Results and performance

The results of the group for the year, as set out on pages 7 and 9, show a profit on ordinary activities before tax of £3.51 m (2019: £0.17m). The shareholders' funds of the Group total £11.26m (2019: £1.31m).

Whilst the rental income from commercial property rentals has increased in 2020, the trading conditions in the bedroom and bathroom business continued to be challenging. The group managed to retain similar margins to the previous year, however, very challenging economic environment is expected in the short term future.

Business environment and COVID-19

In the opinion of the directors, the Coronavirus (COVID-19) pandemic will have a negative impact on businesses and the economy as a whole. However, the directors have taken active steps to mitigate COVID-19 exposure through various measures to see the company through these challenging times.

Strategy

The group's success is dependent on the proper selection, pricing and ongoing management and sales team. In this market, the group has continuously strived to consolidate its position by covering different categories of products of different standards so as to capture the customers at various levels of affordability. The group will continue to consolidate its position and concentrate its efforts on achieving maximum growth in its existing market segments. Customer service remains a top priority.

Key performance indicators

The directors monitor the progress of the Group by reference to the following KPI's:

2020	2019
Group turnover	£4.80m £0.25m
Gross Profit	£1.95m £0.25m
Profit on ordinary activities before tax	£3.51m £0.17m

Principal risks and uncertainties
The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management. Compliance with regulations, legal and product standards is a high priority.

The Group has developed a framework for identifying risks by regular management meetings. The financial risks are monitored by the group and company by producing monthly management accounts and monitoring its cash flows and debtors regularly.

The directors see the principal risk to the group being the change in customers shopping preferences resulting from the growth of online purchasing. They have made significant efforts to reduce this risk by investing and continuing to develop the group's on line presence.

On behalf of the board

M J Harrison
Director
30 March 2021

GLOBEGOLD LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

Principal activities

The principal activity of the company and group continued to be that of letting commercial properties and manufacturers and installers of fitted bedroom, bathroom and home office furniture.

Results and dividends

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

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

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

M J Harrison
L Harrison
J Harrison
W Harrison

Auditor

Morgan Berkeley Limited were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

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

GLOBEGOLD LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

On behalf of the board

M J Harrison
Director

30 March 2021

GLOBEGOLD LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBEGOLD LIMITED

Opinion

We have audited the financial statements of Globegold Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

GLOBEGOLD LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF GLOBEGOLD LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

GLOBEGOLD LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF GLOBEGOLD LIMITED

Use of our report

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

Pierre Yat Keung Leong (Senior Statutory Auditor)
For and on behalf of Morgan Berkeley Limited

31 March 2021

Chartered Certified Accountants
Statutory Auditor

Westgate Chambers
8a Elm Park Road
Pinner
Middlesex
HA5 3LA

GLOBEGOLD LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Turnover	3	4,800,828	256,917
Cost of sales		(2,844,927)	-
Gross profit		1,955,901	256,917
Distribution costs		(427,501)	-
Administrative expenses		(1,283,955)	(86,055)
Profit on disposal of property		939,554	-
Operating profit	4	1,183,999	170,862
Interest receivable and similar income	7	8,379	-
Interest payable and similar expenses	8	(2,194)	-
Fair value gains and losses on investment properties	12	2,325,197	-
Profit before taxation		3,515,381	170,862
Tax on profit	9	(506,846)	14,478
Profit for the financial year		3,008,535	185,340

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

GLOBEGOLD LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	£	£
Profit for the year	3,008,535	185,340
Other comprehensive income	-	-
Total comprehensive income for the year	<u>3,008,535</u>	<u>185,340</u>

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

GLOBEGOLD LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Goodwill	10	98,033		-	
Tangible assets	11	333,427		25,702	
Investment properties	12	11,301,705		5,834,976	
Investments	13	302,084		1	
		12,035,249		5,860,679	
Current assets					
Stocks	15	428,091		-	
Debtors	16	724,761		68,886	
Cash at bank and in hand		3,433,565		337,813	
		4,586,417		406,699	
Creditors: amounts falling due within one year	17	(4,709,294)		(4,824,486)	
Net current liabilities			(122,877)		(4,417,787)
Total assets less current liabilities			11,912,372		1,442,892
Provisions for liabilities					
Deferred tax liability	19	642,507		128,222	
			(642,507)		(128,222)
Net assets			11,269,865		1,314,670
Capital and reserves					
Called up share capital	21	752		100	
Share premium account		6,946,008		-	
Profit and loss reserves		4,323,105		1,314,570	
Total equity			11,269,865		1,314,670

The financial statements were approved by the board of directors and authorised for issue on 30 March 2021 and are signed on its behalf by:

M J Harrison
Director

GLOBEGOLD LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	11		19,276		25,702
Investment properties	12		11,301,705		5,834,976
Investments	13		4,102,084		1
			<u>15,423,065</u>		<u>5,860,679</u>
Current assets					
Debtors	16	79,855		68,886	
Cash at bank and in hand		2,684,280		337,813	
		<u>2,764,135</u>		<u>406,699</u>	
Creditors: amounts falling due within one year	17	(3,608,681)		(4,824,486)	
Net current liabilities			<u>(844,546)</u>		<u>(4,417,787)</u>
Total assets less current liabilities			<u>14,578,519</u>		<u>1,442,892</u>
Provisions for liabilities					
Deferred tax liability	19	595,656		128,222	
		<u>(595,656)</u>		<u>(128,222)</u>	
Net assets			<u>13,982,863</u>		<u>1,314,670</u>
Capital and reserves					
Called up share capital	21		752		100
Share premium account			3,799,348		-
Profit and loss reserves			10,182,763		1,314,570
Total equity			<u>13,982,863</u>		<u>1,314,670</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £6,168,193 (2019 - £185,340 profit).

The financial statements were approved by the board of directors and authorised for issue on 30 March 2021 and are signed on its behalf by:

M J Harrison
Director

Company Registration No. 08276263

GLOBEGOLD LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Share capital £	Share premium account £	Share distributable profits/losses £	Profit and loss reserves £	Total £
Balance at 1 April 2018		100	-	-	1,129,230	1,129,330
Year ended 31 March 2019:						
Profit and total comprehensive income for the year		-	-	-	185,340	185,340
Balance at 31 March 2019		100	-	-	1,314,570	1,314,670
Year ended 31 March 2020:						
Profit and total comprehensive income for the year		-	-	-	3,008,535	3,008,535
Issue of share capital	21	652	-	-	-	652
Transfers		-	-	882,758	(882,758)	-
Other movements		-	6,946,008	-	-	6,946,008
Balance at 31 March 2020		752	6,946,008	-	4,323,105	11,269,865

GLOBEGOLD LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Share capital £	Share premium account £	Share distributable profits/loss reserves £	Profit and loss reserves £	Total £
Balance at 1 April 2018		100	-	-	1,129,230	1,129,330
Year ended 31 March 2019:						
Profit and total comprehensive income for the year		-	-	21,847	163,493	185,340
Transfers		-	-	(150,069)	150,069	-
Balance at 31 March 2019		100	-	(128,222)	1,442,792	1,314,670
Year ended 31 March 2020:						
Profit and total comprehensive income for the year		-	-	-	6,168,193	6,168,193
Issue of share capital	21	652	-	-	-	652
Transfers		-	-	2,726,666	(26,666)	2,700,000
Other movements		-	3,799,348	-	-	3,799,348
Balance at 31 March 2020		752	3,799,348	2,598,444	7,584,319	13,982,863

GLOBEGOLD LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

		2020		2019	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	24	4,619,638		1,706,279	
Interest paid		(2,194)		-	
Income taxes refunded/(paid)		166,203		-	
Net cash inflow from operating activities		<u>4,783,647</u>		<u>1,706,279</u>	
Investing activities					
Purchase of tangible fixed assets		(20,479)		-	
Proceeds on disposal of tangible fixed assets		1,766,463		-	
Purchase of investment property		(3,141,532)		(886,037)	
Proceeds on disposal of investments		(302,083)		-	
Interest received		8,379		-	
Net cash used in investing activities		<u>(1,689,252)</u>		<u>(886,037)</u>	
Financing activities					
Repayment of borrowings		-		(624,467)	
Net cash used in financing activities		<u>-</u>		<u>(624,467)</u>	
Net increase in cash and cash equivalents		<u>3,094,395</u>		<u>195,775</u>	
Cash and cash equivalents at beginning of year		337,813		142,038	
Cash and cash equivalents at end of year		<u><u>3,432,208</u></u>		<u><u>337,813</u></u>	
Relating to:					
Cash at bank and in hand		3,433,565		337,813	
Bank overdrafts included in creditors payable within one year		<u>(1,357)</u>		<u>-</u>	

GLOBEGOLD LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	25				
		(1,002,768)		1,706,279	
Income taxes paid		(7,369)		-	
Net cash (outflow)/inflow from operating activities		(1,010,137)		1,706,279	
Investing activities					
Purchase of investment property		(3,141,532)		(886,037)	
Proceeds on disposal of investments		(302,083)		-	
Interest received		219		-	
Dividends received		6,800,000		-	
Net cash generated from/(used in) investing activities		3,356,604		(886,037)	
Financing activities					
Repayment of borrowings		-		(624,467)	
Net cash used in financing activities		-		(624,467)	
Net increase in cash and cash equivalents		2,346,467		195,775	
Cash and cash equivalents at beginning of year		337,813		142,038	
Cash and cash equivalents at end of year		2,684,280		337,813	

LOBEGOLD LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

Globegold Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Westgate Chambers, 8A Elm Park Road, Pinner, Middlesex, HA5 3LA.

The group consists of Globegold Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

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

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

The consolidated group financial statements consist of the financial statements of the parent company Globegold Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 March 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

LOBEGOLD LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.3 Going concern

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

1.4 Reporting period

On 1 August 2019, Globegold Ltd acquired Spacemaker Group Ltd, Spacemaker Bedrooms Ltd, Kilbridge Ltd and Montrose Furniture Ltd. These companies have shortened its reporting period to 31 March 2020 from its previous year end of 31 July 2019, to be coterminous with the parent company's year end. The comparative amounts presented in the financial statements (including the related notes) are for the parent company only and not entirely comparable.

1.5 Turnover

Turnover represents amounts receivable for rents, manufacture, sales of fitted bedrooms, bathrooms and home office furniture net of VAT and trade discounts, which is recognised upon installations and delivery.

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

1.6 Intangible fixed assets - goodwill

Goodwill arising on consolidation is written off over in equal installments over twenty years. Acquired goodwill is written off in equal annual installments over twenty years.

1.7 Tangible fixed assets

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

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

Freehold land and buildings	2% per annum straight line basis on buildings only
Plant and equipment	20% on the reducing balance
Fixtures and fittings	25% - 33% on the reducing balance
Motor vehicles	25% on the reducing balance

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

1.8 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

GLOBEGOLD LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.9 Fixed asset investments

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

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

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

1.10 Impairment of fixed assets

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

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

1.11 Stocks

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

Stocks held for distribution at no or nominal consideration are measured at the lower of the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

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

1.12 Cash and cash equivalents

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

1.13 Financial instruments

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

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

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

GLOBEGOLD LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Basic financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

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

GLOBEGOLD LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.14 Equity instruments

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

1.15 Taxation

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

Current tax

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

Deferred tax

Deferred taxation is provided in full in respect of material taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted..

1.16 Employee benefits

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

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

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

1.17 Retirement benefits

Payments to defined The group operates a money purchase (defined contribution) pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the group to the scheme.

1.18 Leases

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

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

GLOBEGOLD LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Rental income	346,333	256,917
Sale of fitted bedrooms and bathrooms	4,454,495	-
	<u>4,800,828</u>	<u>256,917</u>

	2020	2019
	£	£
Other significant revenue		
Interest income	8,379	-
	<u>8,379</u>	<u>-</u>

	2020	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	4,800,828	256,917
	<u>4,800,828</u>	<u>256,917</u>

4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	76,791	8,568
Amortisation of intangible assets	9,411	-
Operating lease charges	118,953	13,724
	<u>195,155</u>	<u>22,292</u>

GLOBEGOLD LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

5 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	8,000	-
Audit of the financial statements of the company's subsidiaries	28,000	-
	<u>36,000</u>	<u>-</u>

6 Employees

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

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Management	26	4	4	4
Production	55	-	-	-
Showroom	15	-	-	-
Service department	1	-	-	-
Total	<u>97</u>	<u>4</u>	<u>4</u>	<u>4</u>

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	1,233,253	-	-	-
Social security costs	99,751	-	-	-
Pension costs	22,242	-	-	-
	<u>1,355,246</u>	<u>-</u>	<u>-</u>	<u>-</u>

7 Interest receivable and similar income

	2020	2019
	£	£
Interest income		
Interest on bank deposits	8,160	-
Other interest income	219	-
Total income	<u>8,379</u>	<u>-</u>

GLOBEGOLD LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

7	Interest receivable and similar income	(Continued)	
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	8,160	-
		<u>8,160</u>	<u>-</u>
8	Interest payable and similar expenses	2020	2019
		£	£
	Other finance costs:		
	Other interest	2,194	-
		<u>2,194</u>	<u>-</u>
9	Taxation	2020	2019
		£	£
	Current tax		
	UK corporation tax on profits for the current period	58,274	31,879
	Adjustments in respect of prior periods	-	(24,510)
	Total current tax	<u>58,274</u>	<u>7,369</u>
	Deferred tax		
	Origination and reversal of timing differences	461,870	(21,847)
	Adjustment in respect of prior periods	(13,298)	-
	Total deferred tax	<u>448,572</u>	<u>(21,847)</u>
	Total tax charge/(credit)	<u>506,846</u>	<u>(14,478)</u>

GLOBEGOLD LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

9 Taxation

(Continued)

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

	2020 £	2019 £
Profit before taxation	3,515,381	170,862
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 0%)	667,922	-
Tax effect of expenses that are not deductible in determining taxable profit	71,637	-
Tax effect of income not taxable in determining taxable profit	(688,570)	-
Permanent capital allowances in excess of depreciation	(7,306)	30,251
Depreciation on assets not qualifying for tax allowances	14,591	1,628
Under/(over) provided in prior years	(13,298)	(24,510)
Deferred tax adjustments in respect of prior years	(5,564)	-
Deferred tax	467,434	(21,847)
Taxation charge/(credit)	506,846	(14,478)

10 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 April 2019 and 31 March 2020	298,469
Amortisation and impairment	
At 1 April 2019	191,025
Amortisation charged for the year	9,411
At 31 March 2020	200,436
Carrying amount	
At 31 March 2020	98,033
At 31 March 2019	-

The company had no intangible fixed assets at 31 March 2020 or 31 March 2019.

GLOBEGOLD LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

11 Tangible fixed assets

Group	Freehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 April 2019	2,172,650	1,100,580	149,325	265,466	3,688,021
Additions	-	20,177	302	-	20,479
Disposals	(2,172,650)	-	-	(14,331)	(2,186,981)
At 31 March 2020	-	1,120,757	149,627	251,135	1,521,519
Depreciation and impairment					
At 1 April 2019	394,799	867,392	95,000	174,628	1,531,819
Depreciation charged in the year	11,805	36,799	13,938	14,249	76,791
Eliminated in respect of disposals	(406,604)	-	-	(13,914)	(420,518)
At 31 March 2020	-	904,191	108,938	174,963	1,188,092
Carrying amount					
At 31 March 2020	-	216,566	40,689	76,172	333,427
At 31 March 2019	-	-	25,702	-	25,702
Company					Fixtures and fittings £
Cost					
At 1 April 2019 and 31 March 2020					35,000
Depreciation and impairment					
At 1 April 2019					9,298
Depreciation charged in the year					6,426
At 31 March 2020					15,724
Carrying amount					
At 31 March 2020					19,276
At 31 March 2019					25,702

GLOBEGOLD LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

12 Investment property

	Group 2020 £	Company 2020 £
Fair value		
At 1 April 2019	5,834,976	5,834,976
Additions through external acquisition	3,141,532	3,141,532
Net gains or losses through fair value adjustments	2,325,197	2,325,197
At 31 March 2020	<u>11,301,705</u>	<u>11,301,705</u>

Investment properties comprise freehold and leasehold properties. The investment property fair value of £11,301,705 includes additions of £3,141,532 during the year. In the opinion of the directors, the fair value of the properties are not materially different to the market value.

The investment properties are secured by way of a bank guarantee in respect of Careco UK Ltd, a company in which M J Harrison and W Harrison are directors.

The bank has a fixed and floating charge over the investment properties.

13 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	14	-	-	3,800,000	-
Unlisted investments		302,084	1	302,084	1
		<u>302,084</u>	<u>1</u>	<u>4,102,084</u>	<u>1</u>

The shares in group undertakings represent the 100% shareholding in Spacemaker Group Limited, a company registered in England and Wales.

The other investment represents the 33.3% shareholding in 32 High Street Limited, a company registered in England and Wales.

GLOBEGOLD LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

13 Fixed asset investments (Continued)

Movements in fixed asset investments Group

**Investments
other than
loans
£**

Cost or valuation

At 1 April 2019 1

Additions 302,083

At 31 March 2020 302,084

Carrying amount

At 31 March 2020 302,084

At 31 March 2019 1

Movements in fixed asset investments Company

**Shares in group
undertakings**

**Other
investments
other than
loans
£**

Total

£

£

£

Cost or valuation

At 1 April 2019 - 1 1

Additions 6,500,000 302,083 6,802,083

Valuation changes (2,700,000) - (2,700,000)

At 31 March 2020 3,800,000 302,084 4,102,084

Carrying amount

At 31 March 2020 3,800,000 302,084 4,102,084

At 31 March 2019 - 1 1

The movement in fixed assets investments represents the transfer of the Paycocke Road property from Spacemaker Group Limited to Globegold Limited at the market value of £2.7m.

14 Subsidiaries

Details of the company's subsidiaries at 31 March 2020 are as follows:

GLOBEGOLD LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

14 Subsidiaries

(Continued)

Name of undertaking	Registered office	Class of shares held	% Held Direct
Montrose Furniture Limited	England & Wales	Ordinary	90.90
Kilbridge Limited	England & Wales	Ordinary	100.00
Spacemaker Bedrooms Limited	England & Wales	Ordinary	100.00
Spacemaker Group Limited	England & Wales	Ordinary	100.00

15 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Raw materials and consumables	303,340	-	-	-
Work in progress	31,688	-	-	-
Finished goods and goods for resale	93,063	-	-	-
	<u>428,091</u>	<u>-</u>	<u>-</u>	<u>-</u>

16 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	365,197	35,800	9,800	35,800
Corporation tax recoverable	-	24,510	-	24,510
Amounts owed by undertakings in which the company has a participating interest	-	-	16,800	-
Other debtors	189,896	7,808	48,400	7,808
Prepayments and accrued income	169,668	768	4,855	768
	<u>724,761</u>	<u>68,886</u>	<u>79,855</u>	<u>68,886</u>

GLOBEGOLD LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

17 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	18	1,357	-	-	-
Trade creditors		644,415	5,672	16,962	5,672
Amounts owed to group undertakings		-	1,359,750	-	1,359,750
Corporation tax payable		166,133	31,879	48,837	31,879
Other taxation and social security		144,944	12,051	-	12,051
Other creditors		3,703,247	3,406,633	3,524,597	3,406,633
Accruals and deferred income		49,198	8,501	18,285	8,501
		<u>4,709,294</u>	<u>4,824,486</u>	<u>3,608,681</u>	<u>4,824,486</u>

18 Loans and overdrafts

	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank overdrafts	<u>1,357</u>	<u>-</u>	<u>-</u>	<u>-</u>
Payable within one year	<u>1,357</u>	<u>-</u>	<u>-</u>	<u>-</u>

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Liabilities 2020 £	Liabilities 2019 £
Accelerated capital allowances	32,996	-
Investment property	609,511	128,222
	<u>642,507</u>	<u>128,222</u>

GLOBEGOLD LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

19 Deferred taxation (Continued)

	Liabilities 2020 £	Liabilities 2019 £
Company		
Accelerated capital allowances	(13,855)	-
Investment property	609,511	128,222
	<u>595,656</u>	<u>128,222</u>
	Group 2020 £	Company 2020 £
Movements in the year:		
Liability at 1 April 2019	128,222	128,222
Credit to profit or loss	(5,564)	-
Charge to equity	519,849	467,434
	<u>642,507</u>	<u>595,656</u>

20 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	22,242	-

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

21 Share capital

	2020 Number	2019 Number	2020 £	2019 £
Ordinary share capital Issued and fully paid				
Ordinary Shares of £1 each	752	100	752	100

LOBEGOLD LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

22 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Within one year	108,802	13,724	13,724	13,724
Between two and five years	173,698	41,172	27,448	41,172
	<u>282,500</u>	<u>54,896</u>	<u>41,172</u>	<u>54,896</u>

23 Related party transactions

Company and group

Included within creditors due within one year is an amount of £3,314,880 (2019: £3,317,083) owed to M J Harrison, a director and a shareholder of the company.

Included within creditors due within one year is an amount of £100,000 (2019: £100,000) owed to W Harrison, a director and a shareholder of the company.

Included within creditors due within one year is an amount of £200,000 (2019: £100,000) owed to J Harrison, a director and a shareholder of the company.

Careco (UK) Limited (a company in which M J Harrison is a director).

Sales and services sold to the company was £434,208 (2019: £289,866).

The balance due from the company at the year end was £19,376 (2019: £48,172) which is included within debtors.

Erinstar Limited (company in which Mr M J Harrison is a director).

Sales and services sold to the company was £10,223 (2019: £21,558).

Amounts owed by the company was £1,044 (2019: £nil) included within the trade debtors.

The M Harrison 2003 Discretionary Settlement and the L Harrison 2003 Discretionary Settlement, whose beneficiaries are the children of Mr and Mrs Harrison, rents a showroom to the company. Rent paid by the company during the period end was £19,333 (2019: £29,000), which is on an arms length basis.

Amount owed to the Discretionary Settlement at the period end was £2,417 (2019: £nil) which is included within trade creditors.

MJWH Limited (a company in which M J Harrison is a director and the sole shareholder).

Repairs and maintenance and other related services provided to the company was £nil (2019: £2,777).

Amount due to the company at the period end was £nil (2019: £nil).

GLOBEGOLD LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2020**

24 Cash (absorbed by)/generated from group operations

	2020	2019
	£	£
Profit for the year after tax	3,008,535	185,340
Adjustments for:		
Taxation charged/(credited)	506,846	(14,478)
Finance costs	2,194	-
Investment income	(8,379)	-
Fair value gain on investment properties	(2,325,197)	-
Amortisation and impairment of intangible assets	9,411	-
Depreciation and impairment of tangible fixed assets	76,791	8,568
Movements in working capital:		
Increase in stocks	(428,091)	-
Increase in debtors	(680,385)	(44,376)
(Decrease)/increase in creditors	(250,803)	4,792,607
Cash (absorbed by)/generated from operations	(89,078)	4,927,661

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

	2020	2019
	£	£
Profit for the year after tax	6,168,193	185,340
Adjustments for:		
Taxation charged/(credited)	516,271	(14,478)
Investment income	(6,800,219)	-
Fair value gain on investment properties	(2,325,197)	-
Depreciation and impairment of tangible fixed assets	6,426	8,568
Amounts written off investments	2,700,000	-
Movements in working capital:		
Increase in debtors	(35,479)	(44,376)
(Decrease)/increase in creditors	(1,232,763)	4,792,607
Cash (absorbed by)/generated from operations	(1,002,768)	4,927,661

GLOBEGOLD LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

26 Analysis of changes in net funds - group

	1 April 2019	Cash flows 31 March 2020	
	£	£	£
Cash at bank and in hand	337,813	3,095,752	3,433,565
Bank overdrafts	-	(1,357)	(1,357)
	<u>337,813</u>	<u>3,094,395</u>	<u>3,432,208</u>

27 Analysis of changes in net funds - company

	1 April 2019	Cash flows 31 March 2020	
	£	£	£
Cash at bank and in hand	337,813	2,346,467	2,684,280
	<u>337,813</u>	<u>2,346,467</u>	<u>2,684,280</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.