
CAMBRIDGE COMMODITIES HOLDINGS LIMITED

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2018



CAMBRIDGE COMMODITIES HOLDINGS LIMITED

COMPANY INFORMATION

Directors	N W S Hammill I A Mitchell J Stevens T Stevens I York
Company secretary	L S Stevens
Registered number	10888184
Registered office	203 Lancaster Way Business Park Ely Cambridgeshire CB6 3NX
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 101 Cambridge Science Park Milton Road Cambridge Cambridgeshire CB4 0FY

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

CONTENTS

	Page
Group Strategic Report	1 - 3
Directors' Report	4 - 5
Independent Auditor's Report	6 - 8
Consolidated Statement of Comprehensive Income	9
Consolidated Statement of Financial Position	10
Company Statement of Financial Position	11
Consolidated Statement of Changes in Equity	12
Company Statement of Changes in Equity	13
Consolidated Statement of Cash Flows	14 - 15
Notes to the Financial Statements	16 - 37

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE PERIOD ENDED 31 MAY 2018

The directors present their strategic report for the period ended 31 May 2018.

Principal activity and review of the business

Cambridge Commodities Holdings Limited (the "company") and its subsidiaries (together "CCHL" or the "group") is a leading supplier of nutritional ingredients to the food & beverage, health and wellbeing, sports nutrition and pet food industries.

Cambridge Commodities Holdings Limited was incorporated on the 28 July 2017. On 8 November 2018 the company became the parent entity of Cambridge Commodities Limited (the 'UK entity') and Cambridge Commodities Inc (the 'US entity') as part of a group structure reorganisation.

In July 2017 Cambridge Commodities Inc commenced trading in the USA with the aim of selling high volume lines to establish a stable customer base. It is intended that the entity will focus on a smaller portfolio of products than the UK entity for the foreseeable future.

The group operates from the UK, EU and USA and is strategically focussed on sales growth in these three areas, as well as the UAE and South Africa.

The group continues to invest heavily in new product development and the board believe it is fundamental to achieving its goals. The strategic focus remains on the sourcing of high quality raw ingredients, the identification of new nutritional ingredients and the development of new applications and products incorporating the above.

Group revenue increased significantly during the year from £16.9m in the six months to 31 May 2017 to £41.8m due to increasing market prices of core products sold, and a successful drive to widen the customer and product base. In the same period, overall profitability has fallen as the business has taken on additional costs aimed at continuing the exceptional year on year growth experienced since 2016.

The directors are satisfied with the performance of the business during the year and are confident of top line growth and improved profitability in 2019.

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MAY 2018

Principal risks and uncertainties

Foreign exchange

The group makes sales in Sterling, Euros and US Dollars while it principally purchases goods sold in US Dollars. Any significant movement in value of Sterling against the US Dollar can impact the profitability of the company.

The group mitigates its foreign exchange risk using forward currency contracts.

Brexit

Excluding domestic sales, the group generates around 33% of revenue from businesses within the EU. The group is therefore vulnerable to the affects of a 'no deal' or 'hard' Brexit following the UK's exit from the EU on 29 March 2019.

The group has setup an internal working committee to put in place operational processes and structures to ensure business continuity can be achieved with customers within the EU following Brexit.

Market Risk

The group sources most of the goods it sells from Asia and South America and is exposed to volatility in market prices caused by a wide range of political and economic conditions. Changes to pollution laws and additional regulation in China, being an example of a factor that has driven up prices in 2018 in what is a key market place for the group.

The group minimises its exposure to market risk by doing the following:

- It employs the highest quality personnel with local knowledge of key markets.
- It closely monitors market data.
- It operates a procurement strategy aimed at multiple suppliers in different regions for each product where possible.

Food Standards

As a buyer and seller of nutritional ingredients the group is exposed to the risk of being supplied goods that fall short of the required technical and food safety standards. Primarily these risks come from:

- the deliberate adulteration of products.
- the deliberate or accidental mis selling/mis labelling of products.
- the deliberate or accidental contamination of products.

The group mitigates the risks of taking receipt of these goods by doing the following:

- it operates a comprehensive supplier approval process.
- It has an in-house technical team to undertake supplier audits
- It works with 3rd party technical accreditation bodies and subjects itself to independent audit to ensure best practice and legislative compliance.
- It operates a strict positive release process to minimise the risk non-compliance.

Key performance indicators

The group is focused on profitable organic growth in the UK and overseas to ensure the long sustainability of the company.

The key performance indicators used by the directors are turnover and gross profit. In the year ended 31 May 2018 turnover was £41.4m in comparison with £16.9m for the six months ended 31 May 2017. The gross profit margin was 17.7% in the year ended 31 May 2018, a 1.9% increase on the margin of 15.8% achieved in the period to 31 May 2017.

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MAY 2018

Future developments

The group is principally focused on expansion of existing product lines geographically into new markets and research, development and innovation to enable it to maintain a strong presence in existing markets into the future.

Events after the balance sheet date

On 3 July 2018 Cambridge Commodities Limited disposed of its office and warehouse space at 203 Lancaster Way, Ely and entered into a 20-year lease to continue to occupy the site as part of a sale and leaseback transaction.

On 13 July 2018 Cambridge Commodities Inc acquired the raw ingredients business of US superfood wholesaler Earth Circle Organics LLC for a consideration of \$2,246,815.

Research, development and innovation

The company continues to invest heavily into the development of new products and believes that it is fundamental to maintaining the company's position as a key supplier to the food, health and sports nutrition industries. The strategic focus of this work is:

- Identification of new ingredients.
- Identification and development of new applications for existing ingredients.
- Development of new products incorporating the above.

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

28 February 2019

and signed



N W S Hammill
Director

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MAY 2018

The directors present their report and the financial statements for the period ended 31 May 2018.

Principal activity

Cambridge Commodities Holdings Limited (the "company") and its subsidiaries (together "CCHL" or the "group") is a leading supplier of nutritional ingredients to the food & beverage, health and wellbeing, sports nutrition and pet food industries.

The Company was incorporated on 28 July 2017. The consolidated accounts represent the year to 31 May 2018 with the comparative period being six months to 31 May 2017.

Results and dividends

The profit for the period, after taxation, amounted to £334,684 (2017: £2,154,748).

The directors have proposed a dividend of £Nil in 2018 (2017: £Nil).

Directors

The directors who served during the year were:

N W S Hammill
I A Mitchell
J Stevens
T Stevens
I York

Directors' Responsibilities Statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 laws, including FRS 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

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

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MAY 2018

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

Future developments

The company is principally focused on expansion of existing product lines geographically into new markets and research, development and innovation to enable it to maintain a strong presence in existing markets into the future.

Post balance sheet events

On 3 July 2018 Cambridge Commodities Limited disposed of its office and warehouse space at 203 Lancaster Way, Ely and entered into a 20-year lease to continue to occupy the site as part of a sale and leaseback transaction.

On 13 July 2018 Cambridge Commodities Inc acquired the raw ingredients business of US superfood wholesaler Earth Circle Organics LLC for a consideration of \$2,246,815.

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 director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- 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 and the Group's auditor is aware of that information.

Auditor

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

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

28 February 2019

and



N W S Hammill
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAMBRIDGE COMMODITIES HOLDINGS LIMITED

Opinion

We have audited the financial statements of Cambridge Commodities Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the period ended 31 May 2018, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 May 2018 and of the Group's profit for the period 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAMBRIDGE COMMODITIES HOLDINGS LIMITED

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.

Opinion 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 Group 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 Group 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 Group 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 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 on page 5, 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAMBRIDGE COMMODITIES HOLDINGS LIMITED

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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

Grant Thornton UK LLP

David Newstead (Senior Statutory Auditor)

for and on behalf of

Grant Thornton UK LLP

Chartered Accountants

Statutory Auditor

Cambridge

Date: 28 February 2019

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MAY 2018**

		2018 £	6 months ended 31 May 2017 £
	Note		
Turnover	4	41,382,973	16,941,748
Cost of sales		(34,041,010)	(14,264,559)
Gross profit		7,341,963	2,677,189
Administrative expenses		(6,879,360)	8,321
Other operating income		1,107	1,290
Operating profit	5	463,710	2,686,800
Interest receivable and similar income	9	106,222	643
Interest payable and expenses	10	(221,015)	(145,015)
Profit before tax		348,917	2,542,428
Tax on profit	11	(14,233)	(387,680)
Profit for the financial period		<u>334,684</u>	<u>2,154,748</u>
Other comprehensive income for the period			
Total comprehensive income for the period		<u>334,684</u>	<u>2,154,748</u>
Profit for the period attributable to:			
Owners of the parent company		334,684	2,154,748
		<u>334,684</u>	<u>2,154,748</u>

The notes on pages 16 to 37 form part of these financial statements.

CAMBRIDGE COMMODITIES HOLDINGS LIMITED
REGISTERED NUMBER:10888184

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	12	5,691,542	5,776,364
Investments	13	978,595	200,000
		<u>6,670,137</u>	<u>5,976,364</u>
Current assets			
Stocks	14	14,723,432	11,047,728
Debtors: amounts falling due after more than one year	15	-	237,183
Debtors: amounts falling due within one year	15	13,995,828	11,874,645
Cash at bank and in hand	16	243,990	604,587
		<u>28,963,250</u>	<u>23,764,143</u>
Creditors: amounts falling due within one year	17	(19,986,870)	(13,213,431)
Net current assets		<u>8,976,380</u>	<u>10,550,712</u>
Total assets less current liabilities		<u>15,646,517</u>	<u>16,527,076</u>
Creditors: amounts falling due after more than one year	18	(3,524,487)	(4,656,946)
Net assets		<u><u>12,122,030</u></u>	<u><u>11,870,130</u></u>
Capital and reserves			
Called up share capital	21	93	93
Other reserves	22	418,598	596,053
Profit and loss account	22	11,703,339	11,273,984
		<u><u>12,122,030</u></u>	<u><u>11,870,130</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 February 2019 by:

N W S Hammill
Director

I A Mitchell
Director

The notes on pages 16 to 36 form part of these financial statements.

CAMBRIDGE COMMODITIES HOLDINGS LIMITED
REGISTERED NUMBER: 10888184

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2018

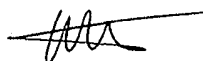
	Note	2018 £
Fixed assets		
Investments	13	<u>94</u>
Total assets less current liabilities		94
Creditors: amounts falling due within one year	17	<u>(1)</u>
Net assets		<u>93</u>
Capital and reserves		
Called up share capital	21	<u>93</u>
		<u>93</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
28 February 2019 by:

N W S Hammill
Director



I A Mitchell
Director



The notes on pages 16 to 37 form part of these financial statements.

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MAY 2018**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 June 2017	93	596,053	11,273,984	11,870,130
Comprehensive income for the year				
Profit for the period	-	-	334,684	334,684
Reclassification of interest	-	(94,671)	94,671	-
Share based payment	-	(82,784)	-	(82,784)
At 31 May 2018	93	418,598	11,703,339	12,122,030

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

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 December 2016	93	537,605	9,119,236	9,656,934
Comprehensive income for the period				
Profit for the period	-	-	2,154,748	2,154,748
Share based payment	-	58,448	-	58,448
At 31 May 2017	93	596,053	11,273,984	11,870,130

The notes on pages 16 to 36 form part of these financial statements.

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MAY 2018**

	Called up share capital	Total equity
	£	£
Other comprehensive income for the period	-	-
Contributions by and distributions to owners		
Shares issued during the period	93	93
Total transactions with owners	93	93
At 31 May 2018	93	93

The notes on pages 16 to 36 form part of these financial statements.

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MAY 2018**

	2018 £	6 months ended 31 May 2017 £
Cash flows from operating activities		
Profit for the financial period	334,684	2,154,748
Adjustments for:		
Depreciation of tangible assets	197,217	100,463
Profit on disposal of tangible assets	(3,652)	(2,126,886)
Interest paid	221,015	145,015
Interest received	(106,222)	(643)
(Increase) in stocks	(3,675,704)	(706,581)
(Increase) in debtors	(3,040,254)	(421,166)
Increase/(decrease) in creditors	2,546,224	(1,316,197)
Share option charge	(82,784)	58,448
Net fair value (gains)/losses recognised in P&L	212,289	-
Tax paid	247,729	50,151
Taxation	14,233	387,680
Net cash generated from operating activities	(2,797,687)	(1,674,968)
Cash flows from investing activities		
Purchase of tangible fixed assets	(113,819)	(140,020)
Sale of tangible fixed assets	31,567	14,500
Purchase of unlisted and other investments	(778,595)	-
Sale of fixed asset investments	-	2,984,795
Interest received	36,360	643
Net cash from investing activities	(824,487)	2,859,918

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

**STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD ENDED 31 MAY 2018**

	2018 £	6 months ended 31 May 2017 £
Cash flows from financing activities		
Repayment of/new finance leases	(11,859)	78,611
Repayment of bank loans	-	(167,074)
Increase in bank loans	3,568,549	-
Increase in director loans	647,777	67,059
Repayment of director loans	(816,546)	(545,663)
Interest paid	(126,344)	(145,015)
Net cash used in financing activities	3,261,577	(712,082)
Net (decrease)/increase in cash and cash equivalents	(360,597)	472,868
Cash and cash equivalents at beginning of period	604,587	131,719
Cash and cash equivalents at the end of period	<u>243,990</u>	<u>604,587</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	243,990	604,587
	<u>243,990</u>	<u>604,587</u>

The notes on pages 16 to 37 form part of these financial statements.

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2018

1. General information

Cambridge Commodities Holdings Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at 203 Lancaster Way Business Park, Ely, Cambridgeshire, CB6 3NX.

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 Group management to exercise judgement in applying the Group's accounting policies.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. There was no cash within the Company throughout the period and so no cashflow statement has been presented.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

On 8 November 2017 Cambridge Commodities Holdings Limited acquired the entire share capital of Cambridge Commodities Limited through a share for share exchange. The consolidated financial statements therefore incorporate the results of the business combination using the merger accounting model. The difference between the equity of Cambridge Commodities Limited and Cambridge Commodities Holdings Limited is recognised as a separate component of equity. The amount recognised as retained earnings are those of Cambridge Commodities Limited pre combination together with the results of the Group post transaction date.

2.3 Going concern

At the time of approving the financial statements, and based on a review of the group's forecasts and business plan, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. They continue to adopt the going concern basis of accounting in preparing the financial statements.

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2018

2. Accounting policies (continued)

2.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group 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 Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Foreign currency translation

Functional and presentation currency

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

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2018

2. Accounting policies (continued)

2.6 Research and development

Expenditure on research and development is expensed as incurred.

2.7 Operating leases

Rentals paid under operating leases are charged to the Consolidated 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 lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.8 Interest income

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

2.9 Finance costs

Finance costs are charged to the Consolidated 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.

2.10 Borrowing costs

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

2.11 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2018

2. Accounting policies (continued)

2.12 Share based payments

The Group operates an equity-settled and share-based remuneration plan. The fair value of share options granted is recognised as an expense in the profit and loss account over the vesting period to reflect the value of the employee services received. The fair value of options granted is calculated using an established option pricing models.

2.13 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.14 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, on a reducing balance basis.

Depreciation is provided on the following basis:

Freehold property	- 2%	on cost of buildings
Plant and machinery	- 25%	on reducing balance
Motor vehicles	- 15%	on reducing balance
Fixtures and fittings	- 20%	on 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 Consolidated Statement of Comprehensive Income.

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2018

2. Accounting policies (continued)

2.15 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 reporting 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.

2.16 Debtors

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

2.17 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.18 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.19 Financial instruments

The Group 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.

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 Consolidated 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 Group would receive for the asset if it were to be sold at the reporting date.

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2018

2. Accounting policies (continued)

2.19 Financial instruments (continued)

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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.

2.20 Taxation

Tax is recognised in the Consolidated 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 reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position 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 reporting date.

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2018**

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

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have significant effect on the amounts recognised in the financial statements mainly relate to the provision of stock obsolescence and of bad debts.

4. Turnover

The whole of the turnover is attributable to the principal activity of the company.

Analysis of turnover by country of destination:

	2018	6 months ended 31 May 2017
	£	£
United Kingdom	26,511,652	11,766,305
Non UK sales	14,871,321	5,175,443
	<u>41,382,973</u>	<u>16,941,748</u>

5. Operating profit

The operating profit is stated after charging:

	2018	6 months ended 31 May 2017
	£	£
R&D charged as an expense	110,367	28,258
Exchange differences	809,869	(369,709)
Other operating lease rentals	94,967	40,962
Hire of plant and machinery	89,940	89,384
Depreciation - owned assets	162,211	98,954
Depreciation - assets on hire purchase contracts	35,006	1,510
Profit on disposals of fixed assets	<u>(3,652)</u>	<u>(2,126,886)</u>

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2018**

6 Auditor's remuneration

	2018 £	6 months ended 31 May 2017 £
Fees payable to the Group's auditor for the audit of the Company's annual financial statements	5,000	-
Fees payable to the Group's auditor for other services:		
Audit of the subsidiaries' annual accounts	19,500	7,623
Audit related assurance services	9,000	-
Tax compliance	<u>6,150</u>	<u>-</u>

The audit fee for the company was borne by the subsidiary undertakings.
The audit fee in 2017 was to the predecessor auditor.

7. Employees

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

	2018 £	6 months ended 31 May 2017 £
Wages and salaries	3,381,259	1,353,595
Social security costs	330,785	144,692
Costs of defined contribution scheme	115,869	51,168
	<u>3,827,913</u>	<u>1,549,455</u>

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

	2018 No.s	2017 No.s
Administration and support	110	107
	<u>110</u>	<u>107</u>

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2018**

8. Directors' remuneration

	2018	6 months ended 31 May 2017
	£	£
<i>Directors' emoluments</i>	<u>586,986</u>	<u>235,037</u>

The highest paid director received remuneration of £139,842 (2017: £128,808).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6,000 (2017: £3,000).

9. Interest receivable

	2018	6 months ended 31 May 2017
	£	£
Other interest receivable	<u>106,222</u>	<u>643</u>

10. Interest payable and similar expenses

	2018	6 months ended 31 May 2017
	£	£
Bank interest payable	69,374	33,943
Finance leases and hire purchase contracts	15,007	9,330
Other interest payable	136,634	101,742
	<u>221,015</u>	<u>145,015</u>

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2018

11. Taxation

	2018 £	6 months ended 31 May 2017 £
Corporation tax		
Current tax on profits for the period	14,233	410,068
Total current tax	<u>14,233</u>	<u>410,068</u>
Deferred tax		
Origination and reversal of timing differences	-	(22,388)
Total deferred tax	<u>-</u>	<u>(22,388)</u>
Taxation on profit on ordinary activities	<u>14,233</u>	<u>387,680</u>

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2018**

11. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is lower than (*2017: lower than*) the standard rate of corporation tax in the UK of 19.00% (*2017: 19.66%*). The differences are explained below:

	2018 £	6 months ended 31 May 2017 £
Profit on ordinary activities before tax	<u>348,917</u>	<u>2,542,428</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (<i>2017: 19.66%</i>)	66,294	499,841
Effects of:		
Capital allowances for period in excess of depreciation	11,571	(430,974)
Utilisation of tax period	(130,748)	(13,104)
Capital gains	-	409,841
Disallowed expenses	67,116	22,250
R&D uplift	-	(77,786)
Deferred tax	-	(22,388)
Total tax charge for the period	<u>14,233</u>	<u>387,680</u>

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2018**

12. Tangible fixed assets

Group

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 June 2017	5,628,791	155,569	197,194	284,592	6,266,146
Additions	60,900	18,628	27,490	33,292	140,310
Disposals	(2,215)	(18,462)	-	(23,642)	(44,319)
At 31 May 2018	<u>5,687,476</u>	<u>155,735</u>	<u>224,684</u>	<u>294,242</u>	<u>6,362,137</u>
Depreciation					
At 1 June 2017	278,531	76,405	20,826	114,020	489,782
Charge for the period	112,083	19,933	29,684	35,517	197,217
Disposals	(592)	(10,710)	-	(5,102)	(16,404)
At 31 May 2018	<u>390,022</u>	<u>85,628</u>	<u>50,510</u>	<u>144,435</u>	<u>670,595</u>
Net book value					
At 31 May 2018	<u>5,297,454</u>	<u>70,107</u>	<u>174,174</u>	<u>149,807</u>	<u>5,691,542</u>
At 31 May 2017	<u>5,350,260</u>	<u>79,164</u>	<u>176,368</u>	<u>170,572</u>	<u>5,776,364</u>

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

	2018 £	2017 £
Freehold property	120,908	122,129
Motor vehicles	<u>174,174</u>	<u>176,368</u>

Depreciation charge on assets on hire purchase contracts was £35,006 (2017 - £1,510).

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2018**

13. Fixed asset investments

Group

	Unlisted investments £	Total £
Cost or valuation		
At 1 June 2017	200,000	200,000
Additions	762,211	762,211
Foreign exchange movement	16,384	16,384
	<hr/>	<hr/>
At 31 May 2018	978,595	978,595
	<hr/>	<hr/>
Net book value		
At 31 May 2018	<u>978,595</u>	<u>978,595</u>
At 31 May 2017	<u>200,000</u>	<u>200,000</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Cambridge Commodities Limited	Ordinary	100%	Wholesale of nutraceuticals
Cambridge Commodities Inc	Ordinary	100%	Wholesale of nutraceuticals

Other investments are measured at cost less impairment on the basis that they represent shares in entities that are not publicly traded and the fair value cannot otherwise be measured reliably.

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2018**

13. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
Cost or valuation	
Additions	94
At 31 May 2018	<u>93</u>
Net book value	
At 31 May 2018	<u><u>94</u></u>
At 31 May 2017	<u><u>-</u></u>

14. Stocks

	Group 2018 £	Group 2017 £
Finished goods and goods for resale	<u>14,723,432</u>	<u>11,047,728</u>

Finished goods recognised as cost of sales in the year amounted to £30,886,949 (period to 31 May 2017 - £12,947,231). The write down of stocks to net realisable value at the period end amounted to £599,923 (2017 - £nil).

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2018**

15. Debtors

	Group 2018 £	Group 2017 £
Due after more than one year		
APN/ Reg 80 recoverable	-	237,183
	<u>-</u>	<u>237,183</u>
Due within one year		
Trade debtors	10,722,517	8,192,473
Other debtors	729,442	551,544
Prepayments and accrued income	463,107	202,374
Invoice received awaiting goods	2,080,762	1,772,000
Tax recoverable	-	1,156,254
	<u>13,995,828</u>	<u>11,874,645</u>

An impairment loss of £266,634 (2017: £31,695) was recognised against trade debtors.

16. Cash and cash equivalents

	Group 2018 £	Group 2017 £
Cash at bank and in hand	243,990	604,587
	<u>243,990</u>	<u>604,587</u>

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2018**

17. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £
Bank loans and facilities	8,128,528	4,559,979
Trade creditors	8,843,779	4,668,190
Other taxation and social security	1,177,953	3,052,478
Net obligations under finance lease and hire purchase contracts	89,891	30,421
Other creditors	1,642,835	843,463
Corporation tax	14,233	-
Accruals and deferred income	89,651	58,900
	<u>19,986,870</u>	<u>13,213,431</u>

Included within other creditors are directors' current accounts of £998,191 (2017: £681,364).

Barclays Bank plc has a first legal charge over 2013 Lancaster Way, Ely. Cambridge, CB6 3NX, dated 25 July 2016. They also have a debenture on the bank's standard form dated 10 February 2016.

Amounts owed by the Company at 31 May 2018 of £1 represent amounts owed to group undertakings.

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

	Group 2018 £	Group 2017 £
Net obligations under finance leases and hire purchase contracts	166,505	211,343
Corporation tax	-	992,620
Other creditors	3,357,982	3,452,983
	<u>3,524,487</u>	<u>4,656,946</u>

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2018 £	2017 £
Within one year	89,891	30,421
Between 1-5 years	166,505	211,343
	<u>256,396</u>	<u>241,764</u>

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2018**

20. Financial instruments

	2018 £	2017 £
Financial assets that are debt instruments at amortised cost		
<i>Trade debtors</i>	10,722,517	8,192,473
<i>Other debtors</i>	2,810,204	2,560,727
Total financial assets measured at amortised cost	<u>13,532,721</u>	<u>10,753,200</u>
Loans and receivables		
<i>Cash and cash equivalents</i>	243,990	604,587
Total financial assets measured at amortised cost	<u>13,776,711</u>	<u>11,357,787</u>
Financial assets designated as fair value through profit or loss		
<i>Derivatives</i>	29,415	-
Total financial assets	<u>13,806,126</u>	<u>11,357,787</u>
Financial liabilities designated as fair value through profit or loss		
<i>Derivatives</i>	241,704	-
Financial liabilities measured at amortised cost		
<i>Bank loans and facilities</i>	8,128,528	4,559,979
<i>Other loans and borrowings</i>	3,357,982	3,452,983
<i>Finance leases</i>	256,396	241,764
<i>Trade and other creditors</i>	10,486,614	5,511,653
Total financial liabilities measured at amortised cost	<u>22,229,520</u>	<u>13,766,379</u>
Total financial liabilities	22,471,224	13,766,379
Net financial instruments	<u>(8,665,098)</u>	<u>(2,408,592)</u>

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2018**

20. Financial instruments (continued)

Derivative financial instruments – forward contracts

The group enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency receivables and payables. At year end the outstanding contracts all mature within 23 months (2017 – 15 months) of the year end. The group is committed to sell €6,475,000, £2,922,526 and US\$2,100,000 and pay fixed amounts of US\$7,739,350, US\$3,935,000 and £1,615,383.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for GBP:EUR and GBP:USD. The fair value liability of the forward foreign currency contracts is £212,289.

The carrying amount of the financial assets and liabilities is considered the fair value of the asset and liabilities.

21. Share capital

	2018
	£
Allotted, called up and fully paid	
930,000 Ordinary shares of £0.0001 each	<u>93</u>

22. Reserves

Other reserves

Where EMI options are measured at fair value a transfer is made to the non-distributable reserve, instead of a transfer to retained earnings, to assist with the identification of profits available for distribution. The capital contribution reserve consists of the amount of effective interest on the proportion of director's loan account which is not repayable on demand.

Other reserves also includes the share premium account arising on the issue of shares net of issue costs and the capital redemption reserve representing a non distributable reserve arising on the purchases of own shares both included within Cambridge Commodities Limited.

Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2018**

23. Share based payments

The Group operates an equity-settled and share-based remuneration plan. The options can be exercised between a period of 5 to 10 years from the date of the grant (or earlier with the Board's approval). There are no performance conditions although the options will lapse if the employee leaves the company before the exercise period.

During the year no options were granted or exercised.

	Number 2018	<i>Number 2017</i>
Outstanding at the beginning of the year	89,732	<i>90,613</i>
Expired during the year	(6,124)	<i>(881)</i>
	<hr/> 83,608	<hr/> <i>89,732</i>
Outstanding at the end of the year		

Options outstanding as at 31 May 2018 have an exercise price in the range of £10.29 to £11.35 and a contractual life of 10 years.

24. Contingent liabilities

In the previous period Cambridge Commodities Limited was issued with a HMRC notification of enquiry into its Corporation Tax Returns for the years from 30 November 2010. The company set up an Employee Benefit Trust in the year to 30 November 2010.

The enquiry into the company's previous tax returns, where EBT payments were made, has been concluded and the company has recognised all additional taxes charged within these financial statements.

The company had previously paid amounts due under advance payment notices (APNs) as issued by HMRC on the assumption that payments would have been subsequently refunded by HMRC if the tax planning was upheld and had recognised this as an asset at 31 May 2017.

25. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £115,870 (2017: £51,168). Contributions totalling £14,304 (2017: £Nil) were payable to the fund at the reporting date and are included in creditors.

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2018**

26. Commitments under operating leases

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

Group	2018 £	2017 £
Not later than 1 year	100,406	100,406
Later than 1 year and not later than 5 years	722,285	822,691
	<u>822,691</u>	<u>923,097</u>

27. Related party transactions

During the year the Group made the following related party transactions:

Mrs L Stevens

Mrs L Stevens is a shareholder of the parent company. At the Statement of financial position date the amount due to Mrs L Stevens was £66,000 (2017: £99,073).

Mr O Stevens

Mr O Stevens is a shareholder of the parent company. At the statement of financial position date the amount due to Mr O Stevens was £2,735 (2017: £2,735).

Cambridge Food Innovation Limited

A company owned by Mr James Stevens, the managing director and main shareholder of the parent company. As at 31 May 2018, the group was owed £670 (2017: £312).

Despatch4U Limited

Mr Ian Mitchell is a director of Despatch4U Limited, Cambridge Commodities Holdings Limited and Cambridge Commodities Limited. At 31 May 2018 the group was owed £151,641 (2017: £150,817).

The following advances and credits to directors subsisted during the year end 31 May 2018 and the period ended 31 May 2017:

	2018 £	2017 £
Mr J Stevens		
Balance outstanding at the start of the period	4,428,667	5,072,521
Amounts advanced	647,777	67,059
Amounts repaid	(783,473)	(545,663)
Balance outstanding at end of period	<u>4,292,971</u>	<u>4,428,667</u>

There are no repayment terms for the directors loan accounts and no interest is accruing on the outstanding balances. However, £3,500,000 is repayable after 30 November 2019 and is included in creditors > 1 year at its net present value calculated at an effective interest rate of 2.8%.

CAMBRIDGE COMMODITIES HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2018**

27. Related party transactions (continued)

Key management emoluments including social security costs were £652,055 for the year ended 31 May 2018 (£261,091 for the period ended 31 May 2017).

28. Post balance sheet events

On 3 July 2018 Cambridge Commodities Limited disposed of its office and warehouse space at 203 Lancaster Way, Ely and entered into a 20-year lease to continue to occupy the site as part of a sale and leaseback transaction.

On 13 July 2018 Cambridge Commodities Inc acquired the raw ingredients business of US superfood wholesaler Earth Circle Organics LLC for a consideration of \$2,246,815.

29. Controlling party

The ultimate party of the company is James Stevens, the Managing Director, who owns 52% of the called up share capital.