

**REGISTERED NUMBER: OC375746 (England and Wales)**

Report of the Members and  
Financial Statements for the Year Ended 31 December 2019  
for  
LC Sales LLP

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for the Year Ended 31 December 2019

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LC Sales LLP

General Information  
for the Year Ended 31 December 2019

**DESIGNATED MEMBERS:** LC Sales S.A.  
Global Services Limited  
Desarrollo Puerto Playita SA de CV

**REGISTERED OFFICE:** 9 Perseverence Works  
Kingsland Road  
London  
E2 8DD

**REGISTERED NUMBER:** OC375746 (England and Wales)

**INDEPENDENT AUDITORS:** Menzies LLP  
Chartered Accountants  
Statutory Auditor  
Lynton House  
7-12 Tavistock Square  
London  
WC1H 9LT

Report of the Members  
for the Year Ended 31 December 2019

The members present their report with the financial statements of the LLP for the year ended 31 December 2019.

**PRINCIPAL ACTIVITY**

The principal activity of the LLP in the year under review was that of handling bookings for a hotel in Mexico.

**FUTURE DEVELOPMENTS**

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. Measures taken to contain the spread of the virus, including travel restrictions, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses world-wide, resulting in an economic slowdown. Management have carried out an assessment of the anticipated impact on the company for 2020 and 2021. While it is estimated that an impact will be felt, due to the nature and timing of royalty income, any reduction in income will have a proportional impact on costs, and the company will continue to meet its obligations as they fall due on a limited fixed cost base. The Members continue to closely monitor the situation and will take necessary steps to address risks associated with the pandemic as they evolve. The members believe that the LLP has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Members continue to adopt the 'going concern' basis in preparing the financial statements.

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

**DESIGNATED MEMBERS**

The designated members during the year under review were:

LC Sales S.A.  
Global Services Limited  
Desarrollo Puerto Playita SA de CV

**RESULTS FOR THE YEAR AND ALLOCATION TO MEMBERS**

The profit for the year before members' remuneration and profit shares was \$3,088,583 (2018 - \$3,135,610 profit).

**MEMBERS' INTERESTS**

Members are permitted to make drawings in anticipation of profits which will be allocated to them.

The amount of such drawings is set at the beginning of each financial year, taking into account the anticipated cash requirements of the Limited Liability Partnership. Members are required to subscribe a minimum level of capital and in subsequent years members may be invited to subscribe for further capital. On retirement, capital is repaid to members at the discretion of the LLP.

Report of the Members  
for the Year Ended 31 December 2019

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons or entities who are members at the time when this Members' Report is approved has confirmed that:

So far as the members are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the LLP's auditors are unaware, and each member has taken all the steps that he ought to have taken as a member in order to make himself aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

**AUDITORS**

The auditors, Menzies LLP, will be proposed for re-appointment at the forthcoming Members Meeting.

**ON BEHALF OF THE MEMBERS:**

LC Sales S.A. - Designated member

4 November 2020

Statement of Members' Responsibilities  
for the Year Ended 31 December 2019

The members are responsible for preparing the Report of the Members and the financial statements in accordance with applicable law and regulations.

Company law, (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law, as applied to LLPs, the members 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 LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Opinion**

We have audited the financial statements of LC Sales LLP (the 'LLP') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Reconciliation of Members' Interests, 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 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 LLP's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

### **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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the LLP 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 members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the LLP'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 members are responsible for the other information. The other information comprises the information in the Report of the Members and the Statement of Members' Responsibilities, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of members**

As explained more fully in the Statement of Members' Responsibilities set out on page four, the members 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 members determine 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 members are responsible for assessing the LLP'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 members either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

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

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



**Use of our report**

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.

Robin Hopkins FCA (Senior Statutory Auditor)  
for and on behalf of Menzies LLP  
Chartered Accountants  
Statutory Auditor  
Lynton House  
7-12 Tavistock Square  
London  
WC1H 9LT

18 November 2020

Statement of Comprehensive Income  
for the Year Ended 31 December 2019

	Notes	31.12.19 \$	31.12.18 \$
<b>REVENUE</b>	3	43,518,072	40,281,916
Cost of sales		<u>35,656,459</u>	<u>32,504,074</u>
<b>GROSS PROFIT</b>		7,861,613	7,777,842
Administrative expenses		<u>4,773,030</u>	<u>4,642,232</u>
<b>OPERATING PROFIT and PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES</b>		<u>3,088,583</u>	<u>3,135,610</u>
<b>PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES</b>		3,088,583	3,135,610
Members' remuneration charged as an expense	6	<u>(3,088,583)</u>	<u>(3,135,610)</u>
<b>PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS</b>		-	-
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>-</u>	<u>-</u>

The notes form part of these financial statements

Statement of Financial Position  
31 December 2019

	Notes	31.12.19 \$	31.12.18 \$
<b>CURRENT ASSETS</b>			
Debtors	7	18,496,510	18,758,108
Cash at bank and in hand		<u>3,250,376</u>	<u>1,799,892</u>
		21,746,886	20,558,000
<b>CREDITORS</b>			
Amounts falling due within one year	8	<u>8,014,109</u>	<u>7,411,020</u>
<b>NET CURRENT ASSETS</b>		<u>13,732,777</u>	<u>13,146,980</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
<b>and</b>			
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<u>13,732,777</u>	<u>13,146,980</u>
<b>LOANS AND OTHER DEBTS DUE TO MEMBERS</b>	9	13,732,616	13,146,977
<b>MEMBERS' OTHER INTERESTS</b>			
Members' capital classified as equity		<u>161</u>	<u>3</u>
		<u>13,732,777</u>	<u>13,146,980</u>
<b>TOTAL MEMBERS' INTERESTS</b>			
Loans and other debts due to members	9	13,732,616	13,146,977
Members' other interests		161	3
Amounts due from members	7	<u>(62,006)</u>	<u>(64,949)</u>
		<u>13,670,771</u>	<u>13,082,031</u>

The financial statements were approved and authorised for issue by the members of the LLP and authorised for issue on 4 November 2020 and were signed by:

LC Sales S.A. - Designated member

Reconciliation of Members' Interests  
for the Year Ended 31 December 2019

	EQUITY		
	Members' other interests		
	Members' capital (classified as equity)	Other reserves	Total
	\$	\$	\$
Balance at 1 January 2019	3	-	3
Members' remuneration charged as an expense, including employment and retirement benefit costs	-	-	-
Profit for the financial year available for discretionary division among members	-	-	-
Members' interests after profit for the year	3	-	3
Introduced by members	158	-	158
Drawings	-	-	-
Balance at 31 December 2019	161	-	161

Reconciliation of Members' Interests  
for the Year Ended 31 December 2019

	DEBT Loans and other debts due to members less any amounts due from members in debtors	TOTAL MEMBERS' INTERESTS
	Other amounts \$	Total \$
Amount due to members	13,146,977	
Amount due from members	(64,949)	
Balance at 1 January 2019	13,082,028	13,082,031
Members' remuneration charged as an expense, including employment and retirement benefit costs	3,088,583	3,088,583
Profit for the financial year available for discretionary division among members	-	-
Members' interests after profit for the year	16,170,611	16,170,614
Introduced by members	-	158
Drawings	(2,500,001)	(2,500,001)
Amount due to members	13,732,616	
Amount due from members	(62,006)	
Balance at 31 December 2019	13,670,610	13,670,771

Reconciliation of Members' Interests  
for the Year Ended 31 December 2019

	EQUITY		
	Members' capital (classified as equity) \$	Members' other interests Other reserves \$	Total \$
Balance at 1 January 2018	3	-	3
Members' remuneration charged as an expense, including employment and retirement benefit costs	-	-	-
Profit for the financial year available for discretionary division among members	-	-	-
Members' interests after profit for the year	3	-	3
Drawings	-	-	-
Balance at 31 December 2018	3	-	3

  

	DEBT	TOTAL MEMBERS' INTERESTS
	Loans and other debts due to members less any amounts due from members in debtors Other amounts \$	Total \$
Amount due to members	18,406,790	
Amount due from members	(56,382)	
Balance at 1 January 2018	18,350,408	18,350,411
Members' remuneration charged as an expense, including employment and retirement benefit costs	3,135,610	3,135,610
Profit for the financial year available for discretionary division among members	-	-
Members' interests after profit for the year	21,486,018	21,486,021
Drawings	(8,403,990)	(8,403,990)
Amount due to members	13,146,977	
Amount due from members	(64,949)	
Balance at 31 December 2018	13,082,028	13,082,031

LC Sales LLP (Registered number: OC375746)

Reconciliation of Members' Interests  
for the Year Ended 31 December 2019

There are no restrictions or limitations on the ability of the members to reduce the amount of Members' other interests.

Statement of Cash Flows  
for the Year Ended 31 December 2019

	Notes	31.12.19 \$	31.12.18 \$
<b>Cash flows from operating activities</b>			
Cash generated from operations	14	<u>3,950,327</u>	<u>6,054,589</u>
Net cash from operating activities		<u>3,950,327</u>	<u>6,054,589</u>
<b>Cash flows from financing activities</b>			
<b>Transactions with members and former members</b>			
Payments to members		(2,500,001)	(8,403,990)
Contributions by members		158	-
Net cash from financing activities		<u>(2,499,843)</u>	<u>(8,403,990)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>1,450,484</u>	<u>(2,349,401)</u>
<b>Cash and cash equivalents at beginning of year</b>	15	1,799,892	4,149,293
<b>Cash and cash equivalents at end of year</b>	15	<u>3,250,376</u>	<u>1,799,892</u>

The notes form part of these financial statements



Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019

**1. STATUTORY INFORMATION**

LC Sales LLP is registered in England and Wales. The LLP's registered number and registered office address can be found on the General Information page.

LLP's principal place of business is at Zona Franca I, Antigua Entrada Casa de Campo, La Romana, Codigo Postal 22000, Republica Dominicana.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Companies Act 2006 as applied to LLPs and the requirements of the Statement of Recommended Practice, Accounting by Limited Liability Partnerships. The financial statements have been prepared under the historical cost convention.

The LLP's functional and presentation currency is US dollars.

**Significant judgements and estimates**

In the preparation of the financial statements, management has made no judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

**Revenue**

Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue is derived from the company's activity of booking accommodation, functions, food and beverages and auxiliary services in the hotel known as Secrets Puerto Los Cabos Golf & Spa.

Revenue from all holidays is recognised in the period the reservation relates.

Deposit amounts received from customers for whom revenue has not yet been recognised are recorded in the balance sheet within current liabilities.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019

**2. ACCOUNTING POLICIES - continued**

**Financial instruments**

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the transaction price of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Trade and other receivables are initially measured at transaction price and are subsequently measured at amortised cost, using the effective interest rate method.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank.

Trade and other payables are initially measured at transaction price and are subsequently measured at amortised cost, using the effective interest rate method.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019

**2. ACCOUNTING POLICIES - continued**

**Members' participation rights**

Members' participation rights are the rights of a member against the LLP that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed, remuneration and profits).

Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with Section 22 of FRS 102. 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', and the requirements of the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships'. A member's participation right results in a liability unless the right to any payment is discretionary on the part of the LLP.

Amounts subscribed or otherwise contributed by members, for example members' capital, are classed as equity if the LLP has an unconditional right to refuse payment to members. If the LLP does not have such an unconditional right, such amounts are classified as liabilities.

Where profits are automatically divided as they arise, so the LLP does not have an unconditional right to refuse payment, the amounts arising that are due to members are in the nature of liabilities. They are therefore treated as an expense in the Statement of comprehensive income in the relevant year. To the extent that they remain unpaid at the year end, they are shown as liabilities in the Statement of financial position.

Conversely, where profits are divided only after a decision by the LLP or its representative, so that the LLP has an unconditional right to refuse payment, such profits are classed as an appropriation of equity rather than as an expense. They are therefore shown as a residual amount available for discretionary division among members in the Statement of comprehensive income and are equity appropriations in the Statement of financial position.

Other amounts applied to members, for example remuneration paid under an employment contract and interest on capital balances, are treated in the same way as all other divisions of profits, as described above, according to whether the LLP has, in each case, an unconditional right to refuse payment.

All amounts due to members that are classified as liabilities are presented in the Statement of financial position within 'Loans and other debts due to members' and are charged to the Statement of comprehensive income within 'Members' remuneration charged as an expense'.

Amounts due to members that are classified as equity are shown in the Statement of financial position within 'Members' other interests'.

**Taxation**

Taxation on all the LLP's profits is solely the personal liability of individual members and is not dealt with in these financial statements.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019

**3. REVENUE**

The revenue and profit for the financial year before members' remuneration and profit shares are attributable to the one principal activity of the LLP.

An analysis of revenue by class of business is given below:

	31.12.19	31.12.18
	\$	\$
All inclusive packages	42,579,180	39,326,700
Discounted Vacation Club	938,892	955,216
	<u>43,518,072</u>	<u>40,281,916</u>

An analysis of revenue by geographical market is given below:

	31.12.19	31.12.18
	\$	\$
Mexico	43,518,072	40,281,916
	<u>43,518,072</u>	<u>40,281,916</u>

**4. EMPLOYEE INFORMATION**

There were no staff costs for the year ended 31 December 2019 nor for the year ended 31 December 2018.

**5. OPERATING PROFIT**

The operating profit is stated after charging:

	31.12.19	31.12.18
	\$	\$
Auditor's remuneration	<u>25,362</u>	<u>19,800</u>

**6. INFORMATION IN RELATION TO MEMBERS**

	31.12.19	31.12.18
	\$	\$
Members' remuneration charged as an expense		
Automatic division of profit	<u>3,088,583</u>	<u>3,135,610</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019

**6. INFORMATION IN RELATION TO MEMBERS - continued**

	31.12.19	31.12.18
	\$	\$
The amount of profit attributable to the member with the largest entitlement was	3,057,697	3,104,255
	<u>31.12.19</u>	<u>31.12.18</u>
The average number of members during the year was	<u>3</u>	<u>3</u>

**7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.19	31.12.18
	\$	\$
Trade debtors	4,518,020	3,602,931
Amounts due from members	62,006	64,949
Other debtors	183,574	111,560
Amounts owed by connected parties	13,724,495	14,969,188
Prepayments and accrued income	8,415	9,480
	<u>18,496,510</u>	<u>18,758,108</u>

**8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.19	31.12.18
	\$	\$
Deposits	6,802,787	6,110,255
Trade creditors	629,507	719,585
Accruals and deferred income	581,815	581,180
	<u>8,014,109</u>	<u>7,411,020</u>

**9. LOANS AND OTHER DEBTS DUE TO MEMBERS**

	31.12.19	31.12.18
	\$	\$
Amounts owed to members in respect of profits	13,732,616	13,146,977
Falling due within one year	<u>13,732,616</u>	<u>13,146,977</u>

In the event of winding up, any amounts owed to the LLP's bankers are secured by fixed and floating charges on the assets of the LLP.

Loans and other debts due to members rank behind creditors in the event of winding up.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019

**10. ULTIMATE CONTROLLING PARTY**

There is no single entity that can be regarded by members as being the ultimate controlling party.

LC Sales S.A., incorporated in Panama, is considered by the members of the LLP to be its parent undertaking.

**11. CONTINGENT LIABILITIES**

The LLP has given a guarantee over its assets in order to secure banking facilities provided to IXE Banco S.A., a related party as disclosed in note 12. The members do not believe any liability will arise as a result of this guarantee.

**12. RELATED PARTY DISCLOSURES**

Amounts owed by connected parties: falling due within one year

Nature of relationship	Nature of transaction	31.12.19	31.12.18
		\$	\$
Entity under joint control/significant influence of related persons	Finance	13,724,495	14,969,188
		<u>13,724,495</u>	<u>14,969,188</u>

Included in the Cost of Sales are \$34,086,160 (2018: 30,677,331) of purchases from an entity under joint control/significant influence of related persons

Amounts receivable have no specified repayment date and are interest free.

**13. POST BALANCE SHEET EVENTS**

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. Measures taken to contain the spread of the virus, including travel restrictions, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses world-wide, resulting in an economic slowdown. Management have carried out an assessment of the anticipated impact on the company for 2020 and 2021. While it is estimated that an impact will be felt, due to the nature and timing of royalty income, any reduction in income will have a proportional impact on costs, and the company will continue to meet its obligations as they fall due on a limited fixed cost base. The Members continue to closely monitor the situation and will take necessary steps to address risks associated with the pandemic as they evolve. The members believe that the LLP has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Members continue to adopt the 'going concern' basis in preparing the financial statements.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019

14. **RECONCILIATION OF PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR  
DISCRETIONARY DIVISION AMONG MEMBERS TO CASH GENERATED FROM  
OPERATIONS**

	31.12.19	31.12.18
	\$	\$
Profit for the financial year available for discretionary division among members	-	-
Members' remuneration charged as an expense	3,088,583	3,135,610
	<u>3,088,583</u>	<u>3,135,610</u>
Decrease in trade and other debtors	258,655	3,592,599
Increase/(decrease) in trade and other creditors	603,089	(673,620)
<b>Cash generated from operations</b>	<u><u>3,950,327</u></u>	<u><u>6,054,589</u></u>

15. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 31 December 2019**

	31.12.19	1.1.19
	\$	\$
Cash and cash equivalents	<u>3,250,376</u>	<u>1,799,892</u>

**Year ended 31 December 2018**

	31.12.18	1.1.18
	\$	\$
Cash and cash equivalents	<u><u>1,799,892</u></u>	<u><u>4,149,293</u></u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019

16. **ANALYSIS OF CHANGES IN NET DEBT**

	At 1.1.19 \$	Cash flow \$	Other non-cash changes \$	At 31.12.19 \$
<b>Net cash</b>				
Cash at bank and in hand	1,799,892	1,450,484		3,250,376
	<u>1,799,892</u>	<u>1,450,484</u>		<u>3,250,376</u>
<b>Net funds (before members' debt)</b>	1,799,892	1,450,484	-	3,250,376
<b>Loans and other debts due to members</b>				
Other amounts due to members	(13,146,977)	2,500,001	(3,085,640)	(13,732,616)
<b>Net debt</b>	<u>(11,347,085)</u>	<u>3,950,485</u>	<u>(3,085,640)</u>	<u>(10,482,240)</u>



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