

Company Registration No. 10888184 (England and Wales)

**CAMBRIDGE COMMODITIES HOLDINGS LIMITED**

**Annual report and financial statements**

**For the 18 months ended 30 November 2019**



## **CAMBRIDGE COMMODITIES HOLDINGS LIMITED**

### **COMPANY INFORMATION**

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<b>Directors</b>	Mr N Hammill Mr I Mitchell Mr S Mortimer Mr J Stevens Mr T Stevens	(Appointed 14 April 2020)
<b>Company number</b>	10888184	
<b>Registered office</b>	203 Lancaster Way Business Park Ely Cambridgeshire CB6 3NX	
<b>Auditor</b>	Grant Thornton UK LLP 101 Cambridge Science Park Milton Road Cambridge Cambridgeshire CB4 0FY	

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# **CAMBRIDGE COMMODITIES HOLDINGS LIMITED**

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# CAMBRIDGE COMMODITIES HOLDINGS LIMITED

## STRATEGIC REPORT

For the 18 months ended 30 November 2019

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The directors present the strategic report for the 18 months ended 30 November 2019.

### **Fair 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.

The group operates from the UK, EU and USA and is strategically focussed on sales growth in these three areas, 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 period from £41.4m in the 12 months ending 31 May 2018 to £77.4m in the 18 months ending 30 November 2019 primarily due to acquisition but also due to increasing market prices and a successful drive to widen the customer and product base. However, uncertainty around Brexit and the resulting weakness of GBP against USD has meant that the gross profit % has decreased from 17.7% to 12.5%.

During the period the directors have focused on improving working capital efficiency in the business and stock has decreased by 8.4% from £14.4m to £13.6m. As a result, the annualised stock turn has increased from 2.31 to 3.32 while revenue has increased by 24.7%.

Stripping out the movement in the fair value of foreign currency contracts of £338,400 (2018: £212,289) the underlying operating profit has decreased from £675,999 in the year to 31 May 2018 to a loss of £908,811 in the 18 months to 30 November 2020.

Despite the decline in profitability the directors are satisfied with the performance of the business during what has been a period of sustained investment in staff and systems and are confident this will yield increased profitability in 2020 with continued year on year top line growth.

### **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 28% of revenue from businesses based within the EU that are fulfilled by moving goods across the English Channel. The group is therefore vulnerable to any disruption to the movement of goods between the UK and mainland Europe caused by a ‘no-deal’ Brexit.

The group plans to place key lines of stock in mainland Europe prior to 31 December 2020 to mitigate the risk of temporary disruption to the movement of goods across the English Channel.

#### ***Covid-19***

Up to the date of signing the financial statements the Covid-19 pandemic has not materially impacted the business either operationally or commercially. However, the group sources ingredients from Asia and South America and disruption within regional supply chains could adversely affect the business.

The group is mitigating these risks by monitoring the situation daily and by pivoting the procurement strategy where possible from suppliers in high risk to low risk regions.

#### ***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.

## **CAMBRIDGE COMMODITIES HOLDINGS LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

**For the 18 months ended 30 November 2019**

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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 third 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.

#### ***Liquidity***

Liquidity risk is managed by ensuring enough resources are available to meet trading cash flows through appropriate banking facilities.

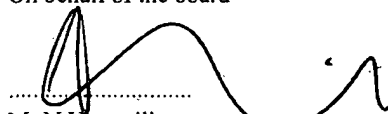
#### ***Interest rates***

Interest rate risk is managed by regular review of fixed and variable rate facilities available from the company's bankers.

#### ***Credit***

Credit risk is managed by agreeing credit limits and payment terms with customers appropriate for their size and ability to pay In conjunction with tight management and monitoring of outstanding balances.

On behalf of the board



Mr N Hammill

Director

30 September 2020

## **CAMBRIDGE COMMODITIES HOLDINGS LIMITED**

### **DIRECTORS' REPORT**

**For the 18 months ended 30 November 2019**

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The directors present their annual report and financial statements for the 18 months ended 30 November 2019.

#### **Principal activities**

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.

#### **Directors**

The directors who held office during the 18 months and up to the date of signature of the financial statements were as follows:

Mr N Hammill

Mr I Mitchell

Mr S Mortimer

(Appointed 14 April 2020)

Mr J Stevens

Mr T Stevens

Mr I York

(Resigned 5 December 2019)

#### **Results and dividends**

The results for the 18 months are set out on page 8.

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

#### **Auditor**

In accordance with the company's articles, a resolution proposing that Grant Thornton UK LLP be reappointed as auditor of the group 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 group and 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.

## **CAMBRIDGE COMMODITIES HOLDINGS LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

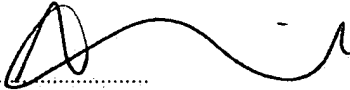
**For the 18 months ended 30 November 2019**

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#### **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.

On behalf of the board



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Mr N Hammill

**Director**

Date: 30 September 2020

## CAMBRIDGE COMMODITIES HOLDINGS LIMITED

### INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF CAMBRIDGE COMMODITIES HOLDINGS LIMITED

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#### Opinion

We have audited the financial statements of Cambridge Commodities Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the 18 months ended 30 November 2019 which comprise the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group 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 30 November 2019 and of the group's profit for the 18 months 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.

#### The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

#### 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.

In our evaluation of the directors' conclusions, we considered the risks associated with the group's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the group's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group will continue in operation.



## **CAMBRIDGE COMMODITIES HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF CAMBRIDGE COMMODITIES HOLDINGS LIMITED**

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##### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the strategic report and the directors' report for the financial 18 months 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 under the Companies Act 2006**

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

##### **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 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.

## **CAMBRIDGE COMMODITIES HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF CAMBRIDGE COMMODITIES HOLDINGS LIMITED**

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##### **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: <http://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*

**Adam Smith (Senior Statutory Auditor)**  
for and on behalf of Grant Thornton UK LLP

**Chartered Accountants**  
**Statutory Auditor**

30/9/2020

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101 Cambridge Science Park  
Milton Road  
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# CAMBRIDGE COMMODITIES HOLDINGS LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME

For the 18 months ended 30 November 2019

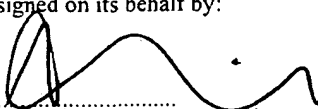
		18 months ended 30 November 2019	Year ended 31 May 2018 as restated
	Notes	£	£
<b>Turnover</b>	<b>3</b>	77,417,081	41,382,973
Cost of sales		(67,704,552)	(34,041,010)
<b>Gross profit</b>		9,712,529	7,341,963
Administrative expenses		(10,993,791)	(6,879,360)
Other operating income		34,051	1,107
<b>Operating (loss)/profit</b>	<b>4</b>	(1,247,211)	463,710
Profit on disposal of fixed assets	5	4,476,968	-
Interest receivable and similar income	9	11,211	106,222
Interest payable and similar expenses	10	(475,667)	(221,015)
<b>Profit before taxation</b>		2,765,301	348,917
Tax on profit	11	(769,386)	(14,233)
<b>Profit for the financial 18 months</b>	<b>25</b>	1,995,915	334,684
<b>Other comprehensive income</b>			
Currency translation differences		11,335	-
<b>Total comprehensive income for the 18 months</b>		2,007,250	334,684
Profit for the financial 18 months is attributable to:			
- Owners of the parent company		2,149,060	334,684
- Non-controlling interests		(153,145)	-
		1,995,915	334,684
Total comprehensive income for the 18 months is attributable to:			
- Owners of the parent company		2,159,050	334,684
- Non-controlling interests		(151,800)	-
		2,007,250	334,684

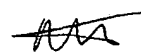
**CAMBRIDGE COMMODITIES HOLDINGS LIMITED****GROUP STATEMENT OF FINANCIAL POSITION**

As at 30 November 2019

		30 November 2019		31 May 2018 as restated
	Notes	£	£	£
<b>Fixed assets</b>				
Goodwill	12		544,917	-
Tangible assets	13		806,747	5,691,542
Investments	14		1,078,597	978,595
			<u>2,430,261</u>	<u>6,670,137</u>
<b>Current assets</b>				
Stocks	17	13,585,713		14,723,432
Debtors falling due after more than one year	18	176,268		-
Debtors falling due within one year	18	12,303,757		13,995,828
Cash at bank and in hand		278,415		243,990
		<u>26,344,153</u>		<u>28,963,250</u>
<b>Creditors: amounts falling due within one year</b>	19	(11,877,152)		(20,287,113)
<b>Net current assets</b>			<u>14,467,001</u>	<u>8,676,137</u>
<b>Total assets less current liabilities</b>			<u>16,897,262</u>	<u>15,346,274</u>
<b>Creditors: amounts falling due after more than one year</b>	20	(2,552,988)		(3,336,424)
<b>Net assets</b>			<u><u>14,344,274</u></u>	<u><u>12,009,850</u></u>
<b>Capital and reserves</b>				
Called up share capital	24		93	93
Share premium account	25		99,999	99,999
Capital redemption reserve	25		12	12
Other reserves	25		568,741	367,211
Profit and loss reserves	25		13,752,706	11,542,535
<b>Equity attributable to owners of the parent company</b>			<u>14,421,551</u>	<u>12,009,850</u>
<b>Non-controlling interests</b>			<u>(77,277)</u>	<u>-</u>
<b>Net assets</b>			<u><u>14,344,274</u></u>	<u><u>12,009,850</u></u>

The financial statements were approved by the board of directors and authorised for issue on 30/9/2020 and are signed on its behalf by:

  
 Mr N Hammill  
 Director

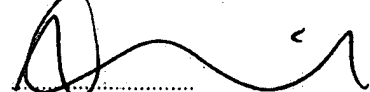
  
 Mr I Mitchell  
 Director

**CAMBRIDGE COMMODITIES HOLDINGS LIMITED****COMPANY STATEMENT OF FINANCIAL POSITION****As at 30 November 2019**

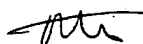
		<b>30 November 2019</b>		<b>31 May 2018 as restated</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>				
Investments	14	303,713		94
<b>Current assets</b>				
Debtors	18	5,943,056	-	
<b>Creditors: amounts falling due within one year</b>	19	(17,782)	(1)	
<b>Net current assets/(liabilities)</b>		5,925,274		(1)
<b>Total assets less current liabilities</b>		6,228,987		93
<b>Creditors: amounts falling due after more than one year</b>	20	(2,484,777)		-
<b>Net assets</b>		3,744,210		93
<b>Capital and reserves</b>				
Called up share capital	24	93		93
Other reserves	25	568,741		-
Profit and loss reserves	25	3,175,376		-
<b>Total equity</b>		3,744,210		93

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 £3,135,821 (2018 - £0 profit).

The financial statements were approved by the board of directors and authorised for issue on 30/9/2020 and are signed on its behalf by:



Mr N Hammill  
Director



Mr I Mitchell  
Director

Company Registration No. 10888184

## CAMBRIDGE COMMODITIES HOLDINGS LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY

For the 18 months ended 30 November 2019

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total controlling interest £	Non- controlling interest £	Total £
As restated for the period ended 31 May 2018:									
Balance at 1 June 2017		93	99,999	12	496,042	11,273,984	11,870,130	-	11,870,130
Effect of prior year adjustments	32	-	-	-	48,624	(160,804)	(112,180)	-	(112,180)
As restated		93	99,999	12	544,666	11,113,180	11,757,950	-	11,757,950
Period ended 31 May 2018:									
Profit and total comprehensive income for the period		-	-	-	-	334,684	334,684	-	334,684
Transfers re reclassification of interest	20	-	-	-	(94,671)	94,671	-	-	-
Share based payment		-	-	-	(82,784)	-	(82,784)	-	(82,784)
Balance at 31 May 2018		93	99,999	12	367,211	11,542,535	12,009,850	-	12,009,850
Period ended 30 November 2019:									
Profit for the period		-	-	-	-	2,149,060	2,149,060	(153,145)	1,995,915
Other comprehensive income:									
Currency translation differences		-	-	-	-	11,335	11,335	-	11,335
Amounts attributable to non-controlling interests		-	-	-	-	(1,345)	(1,345)	1,345	-
Total comprehensive income for the period		-	-	-	-	2,159,050	2,159,050	(151,800)	2,007,250
Deemed interest on director's loan	20	-	-	-	248,850	-	248,850	-	248,850
Transfers re reclassification of interest	20	-	-	-	(125,644)	125,644	-	-	-
Disposal of shares in subsidiary to non-controlling interest		-	-	-	-	(74,523)	(74,523)	74,523	-
Share based payment		-	-	-	78,324	-	78,324	-	78,324
Balance at 30 November 2019		93	99,999	12	568,741	13,752,706	14,421,551	(77,277)	14,344,274

**CAMBRIDGE COMMODITIES HOLDINGS LIMITED****COMPANY STATEMENT OF CHANGES IN EQUITY****For the 18 months ended 30 November 2019**

	Notes	Share capital £	Other reserves £	Profit and loss reserves £	Total £
<b>Period ended 31 May 2018:</b>					
Profit and total comprehensive income for the period		-	-	-	-
Issue of share capital	24	93	-	-	93
<b>Balance at 31 May 2018</b>		93	-	-	93
<b>Period ended 30 November 2019:</b>					
Profit and total comprehensive income for the period		-	-	3,135,821	3,135,821
Transfers re reclassification of interest		-	(39,555)	39,555	-
Deemed interest on director's loan		-	304,778	-	304,778
Share based payment		-	303,518	-	303,518
<b>Balance at 30 November 2019</b>		93	568,741	3,175,376	3,744,210

**CAMBRIDGE COMMODITIES HOLDINGS LIMITED****GROUP STATEMENT OF CASH FLOWS****For the 18 months ended 30 November 2019**

		<b>18 months ended 30 November 2019</b>	<b>Year ended 31 May 2018 as restated</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>			
Cash absorbed by operations	30	(3,170,490)	(3,093,610)
<b>Investing activities</b>			
Purchase of tangible fixed assets		(195,485)	(113,820)
Proceeds on disposal of tangible fixed assets		9,726,782	31,567
Purchase of fixed asset investments		(745,231)	(778,595)
Interest received		11,211	36,359
<b>Net cash generated from/(used in) investing activities</b>		<b>8,797,277</b>	<b>(824,489)</b>
<b>Financing activities</b>			
Proceeds/repayment of bank loans		(3,954,670)	3,568,549
Proceeds/repayment of directors' loans		(1,209,966)	85,192
Payment of finance leases obligations		(94,898)	(11,858)
Interest paid		(332,828)	(84,381)
<b>Net cash (used in)/generated from financing activities</b>		<b>(5,592,362)</b>	<b>3,557,502</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>34,425</b>	<b>(360,597)</b>
Cash and cash equivalents at beginning of 18 months		243,990	604,587
<b>Cash and cash equivalents at end of 18 months</b>		<b>278,415</b>	<b>243,990</b>



# CAMBRIDGE COMMODITIES HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the 18 months ended 30 November 2019

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### 1 Accounting policies

#### Company information

Cambridge Commodities Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 203 Lancaster Way Business Park, Ely, Cambridgeshire, CB6 3NX.

The group consists of Cambridge Commodities Holdings 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 have been prepared with early application of the FRS 102 Triennial Review 2017 amendments in full.

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. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of the exemption from the requirements of Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures.

#### 1.2 Basis of consolidation

The consolidated financial statements incorporate those of Cambridge Commodities Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 November 2019. 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.

#### 1.3 Going concern

The group's business activities together with the factors likely to affect its future development, its financial position and principal risks and uncertainties are set out in the Strategic Report.

The directors have prepared forecasts and projections that show that the business will have sufficient financial resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements.

In preparing the forecasts the directors have made certain assumptions around forecast revenues and cash flows which the directors believe are prudent in that they are no better than those achieved historically. The group has successfully continued to trade throughout the COVID-19 pandemic and is currently achieving its budgeted revenue and profit targets for the financial year ending 30 November 2020.

# CAMBRIDGE COMMODITIES HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 18 months ended 30 November 2019

### 1 Accounting policies

(Continued)

There is always an uncertainty when preparing business forecasts, and the directors recognise that the COVID-19 pandemic potentially increases the level of uncertainty when preparing cash flow and trading forecasts. However, given the current trading results of the business, the success of the business in adapting its operations to meet the new social distancing and other health and safety requirements and the restrictions on movement by the UK Government, the directors do not believe that uncertainty to be material or cast significant doubt over the group's ability to continue to trade or meet its liabilities as they fall due. Accordingly, the directors have continued to prepare the financial statements on a going concern basis, and have prepared the financial statements on a going concern basis.

#### 1.4 Reporting period

During the period the group changed its reporting period and these annual financial statements are presented for a period of 18 months in order to align the various group companies' reporting periods. Comparative amounts presented in the financial statements (including the related notes) are therefore not entirely comparable.

#### 1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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 Research and development expenditure

Research and development expenditure is written off against profits in the year in which it is incurred.

#### 1.7 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is five years.

#### 1.8 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 property	2% on cost
Leasehold improvements	over the term of the lease on a straight line basis
Plant and machinery	25% on a reducing balance basis
Fixtures and fittings	20% on a reducing balance basis
Motor vehicles	15% on a reducing balance basis

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 income statement.

# CAMBRIDGE COMMODITIES HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 18 months ended 30 November 2019

### 1 Accounting policies (Continued)

#### 1.9 Fixed asset investments

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.

#### 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.

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

Financial instruments are recognised in the group's statement of financial position 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.

#### *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.

#### *Other financial assets*

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# CAMBRIDGE COMMODITIES HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 18 months ended 30 November 2019

### 1 Accounting policies

(Continued)

#### *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.

#### *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.

#### *Other financial liabilities*

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 finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

### 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 income statement 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.

## **CAMBRIDGE COMMODITIES HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**For the 18 months ended 30 November 2019**

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#### **1 Accounting policies**

**(Continued)**

##### ***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

##### **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 contribution retirement benefit schemes are charged as an expense as they fall due.

##### **1.18 Share-based payments**

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using an established option pricing model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

##### **1.19 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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.

##### **1.20 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.

# CAMBRIDGE COMMODITIES HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 18 months ended 30 November 2019

### 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.

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

### 3 Turnover and other revenue

	18 months ended 30 November 2019 £	Year ended 31 May 2018 £
<b>Turnover analysed by geographical market</b>		
United Kingdom sales	44,765,822	26,511,652
European Union sales	21,139,910	12,979,609
Rest of World sales	11,511,349	1,891,712
	<u>77,417,081</u>	<u>41,382,973</u>

### 4 Operating profit

	18 months ended 30 November 2019 £	Year ended 31 May 2018 £
Operating profit for the period is stated after charging/(crediting):		
Exchange (gains)/losses	(243,674)	809,869
Research and development costs	13,172	42,999
Depreciation of owned tangible fixed assets	116,765	162,211
Depreciation of tangible fixed assets held under finance leases	55,592	35,006
Profit on disposal of tangible fixed assets	-	(3,652)
Amortisation of intangible assets	200,314	-
EMI scheme charges	78,324	82,784
Operating lease charges	<u>1,212,255</u>	<u>94,967</u>

**CAMBRIDGE COMMODITIES HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****For the 18 months ended 30 November 2019****5 Exceptional item**

	<b>18 months ended 30 November 2019 £</b>	<b>Year ended 31 May 2018 £</b>
Profit on disposal of fixed assets	(4,476,968)	-
	<u>(4,476,968)</u>	<u>-</u>

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

**6 Auditor's remuneration**

	<b>18 months ended 30 November 2019 £</b>	<b>Year ended 31 May 2018 £</b>
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	-	5,000
Audit of the financial statements of the company's subsidiaries	25,225	19,500
	<u>25,225</u>	<u>24,500</u>
<b>For other services</b>		
Audit-related assurance services	8,050	9,000
Taxation compliance services	9,200	6,150
	<u>17,250</u>	<u>15,150</u>

# CAMBRIDGE COMMODITIES HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 18 months ended 30 November 2019

### 7 Employees

The average monthly number of persons (including directors) employed by the group and company during the 18 months was:

	18 months ended 30 November 2019 Number	Year ended 31 May 2018 Number
Technical, logistics and production	56	50
Sales, marketing and product development	43	36
Administration and support	38	29
	<u>137</u>	<u>115</u>

Their aggregate remuneration comprised:

	18 months ended 30 November 2019 £	Year ended 31 May 2018 £
Wages and salaries	6,397,602	3,381,259
Social security costs	608,485	330,785
Pension costs	174,384	115,869
	<u>7,180,471</u>	<u>3,827,913</u>

The company employs no employees directly.

### 8 Directors' remuneration

	18 months ended 30 November 2019 £	Year ended 31 May 2018 £
Remuneration for qualifying services	<u>890,609</u>	<u>586,986</u>



**CAMBRIDGE COMMODITIES HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****For the 18 months ended 30 November 2019****8 Directors' remuneration****(Continued)**

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	18 months ended 30 November 2019 £	Year ended 31 May 2018 £
Remuneration for qualifying services	206,881	139,842
Company pension contributions to defined contribution schemes	14,974	6,000
	<u>221,855</u>	<u>145,842</u>

**9 Interest receivable and similar income**

	18 months ended 30 November 2019 £	Year ended 31 May 2018 £
Interest income		
Interest from bank balances and investments	9,626	36,359
Interest received from HMRC	1,585	69,863
Total income	<u>11,211</u>	<u>106,222</u>

**10 Interest payable and similar expenses**

	18 months ended 30 November 2019 £	Year ended 31 May 2018 £
Interest on bank overdrafts and loans	312,248	69,374
Interest on finance leases and hire purchase contracts	20,580	15,007
Other interest	142,839	136,634
Total finance costs	<u>475,667</u>	<u>221,015</u>

**11 Taxation**

	18 months ended 30 November 2019 £	Year ended 31 May 2018 £
Current tax		
UK corporation tax on profits for the current period	769,386	14,233
	<u>769,386</u>	<u>14,233</u>

**CAMBRIDGE COMMODITIES HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****For the 18 months ended 30 November 2019****11 Taxation****(Continued)**

The actual charge for the 18 months can be reconciled to the expected charge for the 18 months based on the profit or loss and the standard rate of tax as follows:

	<b>18 months ended 30 November 2019 £</b>	<b>Year ended 31 May 2018 £</b>
Profit before taxation	2,765,301	348,917
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	525,407	66,294
Tax effect of expenses that are not deductible in determining taxable profit	66,068	67,116
Unutilised tax losses carried forward	262,073	(130,748)
Permanent capital allowances in excess of depreciation	(11,170)	11,571
Adjustments in respect of financial assets	80,653	-
Profit on disposal of capital assets	(139,934)	-
Arising on consolidation	(13,711)	-
Taxation charge	769,386	14,233

**12 Intangible fixed assets**

<b>Group</b>	<b>Goodwill £</b>
<b>Cost</b>	
At 1 June 2018	-
Additions - separately acquired	745,231
At 30 November 2019	745,231
<b>Amortisation and impairment</b>	
At 1 June 2018	-
Amortisation charged for the 18 months	200,314
At 30 November 2019	200,314
<b>Carrying amount</b>	
At 30 November 2019	544,917
At 31 May 2018	-

On 13 July 2018 Cambridge Commodities Inc ("CCI") acquired the raw ingredients business of US superfood wholesaler Earth Circle Organics LLC for a consideration of \$2,246,815. On acquisition net assets of \$1,282,121 and \$964,694 of goodwill were recognised in the accounts of CCI.

**CAMBRIDGE COMMODITIES HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****For the 18 months ended 30 November 2019****13 Tangible fixed assets**

<b>Group</b>	<b>Freehold property £</b>	<b>Leasehold improvements £</b>	<b>Plant and machinery £</b>	<b>Fixtures and fittings £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>						
At 1 June 2018	5,687,476	-	155,735	294,242	224,684	6,362,137
Additions	7,410	321,556	43,460	87,151	20,335	479,912
Business combinations	-	-	48,365	9,099	-	57,464
Disposals	(5,501,766)	-	-	-	(80,089)	(5,581,855)
Transfers	(193,120)	-	-	193,120	-	-
At 30 November 2019	-	321,556	247,560	583,612	164,930	1,317,658
<b>Depreciation and impairment</b>						
At 1 June 2018	390,022	-	85,628	144,435	50,510	670,595
Depreciation charged in the 18 months	28,870	-	47,690	57,701	38,096	172,357
Eliminated in respect of disposals	(300,133)	-	-	-	(31,908)	(332,041)
Transfers	(118,759)	-	-	118,759	-	-
At 30 November 2019	-	-	133,318	320,895	56,698	510,911
<b>Carrying amount</b>						
At 30 November 2019	-	321,556	114,242	262,717	108,232	806,747
At 31 May 2018	5,297,454	-	70,107	149,807	174,174	5,691,542

The company had no tangible fixed assets at 30 November 2019 or 31 May 2018.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	<b>Group</b>	<b>Company</b>		
	<b>30 November</b>	<b>31 May</b>	<b>30 November</b>	<b>31 May</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Plant and machinery	15,984	120,908	-	-
Motor vehicles	108,232	174,174	-	-
	<u>124,216</u>	<u>295,082</u>	<u>-</u>	<u>-</u>

**CAMBRIDGE COMMODITIES HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****For the 18 months ended 30 November 2019****14 Fixed asset investments**

		<b>Group</b>		<b>Company</b>	
		<b>30 November</b>	<b>31 May</b>	<b>30 November</b>	<b>31 May</b>
		<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Investments in subsidiaries	<b>15</b>	-	-	303,713	94
Unlisted investments		1,078,597	978,597	-	-
		<u>1,078,597</u>	<u>978,597</u>	<u>303,713</u>	<u>94</u>

**Movements in fixed asset investments****Group****Unlisted  
investments  
£****Cost or valuation**

At 1 June 2018

978,597

Additions

100,000

At 30 November 2019

1,078,597**Carrying amount**

At 30 November 2019

1,078,597

At 31 May 2018

978,597**Movements in fixed asset investments****Company****Shares in  
group  
undertakings  
£****Cost or valuation**

At 1 June 2018

94

Additions

303,619

At 30 November 2019

303,713**Carrying amount**

At 30 November 2019

303,713

At 31 May 2018

94

# CAMBRIDGE COMMODITIES HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 18 months ended 30 November 2019

### 15 Subsidiaries

Details of the company's subsidiaries at 30 November 2019 are as follows:

Name of undertaking	Country of incorporation	Class of shares held	% Held Direct	
Cambridge Commodities Limited	UK	Ordinary shares	100.00	-
Cambridge Commodities Inc	USA	Ordinary shares	90.00	-
Cambridge Commodities BV	Netherlands	Ordinary shares	100.00	-
203 Lancaster Way Limited	UK	Ordinary shares	100.00	-

### 16 Financial instruments

	Group 30 November 2019 £	31 May 2018 £	Company 30 November 2019 £	31 May 2018 £
<b>Carrying amount of financial assets</b>				
Instruments measured at fair value through profit or loss	130,917	29,415	-	-
<b>Carrying amount of financial liabilities</b>				
Measured at fair value through profit or loss				
- Other financial liabilities	(681,607)	(241,704)	-	-

#### Derivative financial instruments – forward contracts

The group uses forward currency contracts to mitigate the exchange risk for certain foreign currency receivables and payables. At 30 November 2019 the outstanding contracts were all due to mature within 19 months.

At 30 November 2019, dependent on the prevailing market rates of GBP:EUR and GBP:USD the group was obligated to sell a minimum of £354,493 in exchange for \$450,000 and a maximum of £17,876,686 and €7,378,830 in exchange for \$31,692,000.

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. At 30 November 2019 the fair value liability of the forward currency contracts was £550,689 (2018: £212,289). The liability is included within other creditors on the balance sheet.

### 17 Stocks

	Group 30 November 2019 £	31 May 2018 £	Company 30 November 2019 £	31 May 2018 £
Raw materials	10,887,391	10,985,641	-	-
Work in progress	564,083	581,752	-	-
Finished products	2,134,239	3,156,039	-	-
	13,585,713	14,723,432	-	-

# CAMBRIDGE COMMODITIES HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 18 months ended 30 November 2019

### 17 Stocks (Continued)

Stock recognised as cost of sales in the period amounted to £61,172,703 (2018: £30,886,949). The write down of stocks to net realisable value at the period end amounted to £1,311,028 (2018: £599,923).

### 18 Debtors

	Group 30 November 2019 £	31 May 2018 £	Company 30 November 2019 £	31 May 2018 £
<b>Amounts falling due within one year:</b>				
Trade debtors	10,522,583	10,722,517	-	-
Amounts owed by group undertakings	-	-	5,943,056	-
Other debtors	1,220,114	2,810,204	-	-
Prepayments and accrued income	561,060	463,107	-	-
	<u>12,303,757</u>	<u>13,995,828</u>	<u>5,943,056</u>	<u>-</u>
<b>Amounts falling due after more than one year:</b>				
Other debtors	<u>176,268</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total debtors</b>	<u>12,480,025</u>	<u>13,995,828</u>	<u>5,943,056</u>	<u>-</u>

Other debtors of £176,268 consists of loan to an unrelated third party, the loan is interest bearing at a rate of 5% per annum and is due for repayment on or before 31 January 2024.

### 19 Creditors: amounts falling due within one year

	Group 30 November 2019 £	31 May 2018 £	Company 30 November 2019 £	31 May 2018 £
	Notes			
Bank loans	-	4,239,673	-	-
Invoice discounting facility	4,173,858	3,888,855	-	-
Obligations under finance leases	21 113,622	89,891	-	-
Trade creditors	4,531,218	8,843,779	-	-
Amounts owed to group undertakings	-	-	-	1
Corporation tax payable	563,653	14,233	17,681	-
Other taxation and social security	642,247	1,478,196	-	-
Other creditors	1,525,941	1,642,835	101	-
Accruals and deferred income	326,613	89,651	-	-
	<u>11,877,152</u>	<u>20,287,113</u>	<u>17,782</u>	<u>1</u>

# CAMBRIDGE COMMODITIES HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 18 months ended 30 November 2019

### 19 Creditors: amounts falling due within one year

(Continued)

Bank loans consists of a £4,000,000 (2018: £4,000,000) facility with Barclays Bank plc and a \$2,000,000 (2018: \$nil) facility with Pacific Western Bank, California, USA. At 30 November 2019 the balance due on the facility with Barclays Bank plc was £3,506,309 (2018: £3,888,855) and the balance due on the facility with Pacific Western Bank was \$864,144 (2018: \$nil).

The facility with Barclays Bank plc is secured by fixed and floating charge over the assets of the parent entity Cambridge Commodities Holdings Limited and its subsidiaries, Cambridge Commodities Limited, Cambridge Commodities Inc and 203 Lancaster Way Limited. The facility with Pacific Western Bank is secured against the assets of Cambridge Commodities Inc.

On 3 July 2018 Cambridge Commodities Limited completed a sale and lease back transaction for its office and warehouse space at 203 Lancaster Way, Ely. As part of the transaction the company repaid a term loan to Barclays Bank plc. At 30 November 2019 the balance of the term loan included in Bank loans and facilities was £nil (2018: £4.2m).

### 20 Creditors: amounts falling due after more than one year

		Group		Company	
		30 November	31 May	30 November	31 May
		2019	2018	2019	2018
	Notes	£	£	£	£
Obligations under finance leases	21	68,211	166,505	-	-
Other borrowings		2,484,777	3,169,919	2,484,777	-
		<u>2,552,988</u>	<u>3,336,424</u>	<u>2,484,777</u>	<u>-</u>

Other borrowings consist of a loan from the director Mr J Stevens of £2,484,878 (2018: £3,169,919). The loan is non-interest bearing and due for repayment by 12 May 2024.

On initial recognition the loan was recognised at its discounted net present value with a deemed rate of interest of 3% per annum. At 30 November 2019 £265,223 (2018: £142,017) of deemed interest was included within other reserves in the group statement of changes in equity.

During the period £125,644 (2018: £94,671) of deemed interest was recognised as an expense in the statement of comprehensive income. At 30 November 2019 £125,644 (2018: £94,971) was transferred from the profit and loss reserve to other reserves

### 21 Finance lease obligations

	Group		Company	
	30 November	31 May	30 November	31 May
	2019	2018	2019	2018
	£	£	£	£
Future minimum lease payments due under finance leases:				
Within one year	113,622	89,891	-	-
In two to five years	68,211	166,505	-	-
	<u>181,833</u>	<u>256,396</u>	<u>-</u>	<u>-</u>

# CAMBRIDGE COMMODITIES HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 18 months ended 30 November 2019

### 22 Retirement benefit schemes

	18 months ended 30 November 2019	Year ended 31 May 2018
	£	£
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	174,384	115,869

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

Contributions totalling £15,737 (2018: £14,304) were payable to the scheme at the reporting date and are included within creditors.

### 23 Share-based payment transactions

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 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 period a subsidiary's EMI scheme was transferred to the company. The move does not affect the accounting treatment within the group.

Group	Number of share options	
	30 November 2019	31 May 2018
	Number	Number
Outstanding at 1 June 2018	90,613	101,213
Granted	29,638	-
Expired	(4,633)	(10,600)
Outstanding at 30 November 2019	115,618	90,613

The options outstanding at 30 November 2019 had an exercise price ranging from £2.88 to £11.35, and a contractual life of 10 years. The outstanding options have a weighted average exercise price of £8.84 and a weighted average of 1.52 years remaining to the exercise date.



**CAMBRIDGE COMMODITIES HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****For the 18 months ended 30 November 2019****23 Share-based payment transactions****(Continued)**

Company	Number of share options	
	30 November 2019 Number	31 May 2018 Number
Outstanding at 1 June 2018	-	-
Granted	29,638	-
Transferred from subsidiary company	90,613	-
Expired	(4,633)	-
Outstanding at 30 November 2019	115,618	-

The options outstanding at 30 November 2019 had an exercise price ranging from £2.88 to £11.35, and a contractual life of 10 years. The outstanding options have a weighted average exercise price of £8.84 and a weighted average of 1.52 years remaining to the exercise date.

**24 Share capital**

	Group and company	
	30 November 2019 £	31 May 2018 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
930,000 Ordinary shares of 0.01p each	93	93

**25 Reserves****Share premium**

The share premium account represents the premium arising on the issue of shares net of issue costs.

**Capital redemption reserve**

The capital redemption reserve represents a non-distributable reserve arising on the purchase of own shares.

**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.

# CAMBRIDGE COMMODITIES HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 18 months ended 30 November 2019

### 26 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 30 November 2019 £	31 May 2018 £	Company 30 November 2019 £	31 May 2018 £
Within one year	772,256	100,406	-	-
Between two and five years	2,902,078	722,285	-	-
In over five years	6,630,000	-	-	-
	<u>10,304,334</u>	<u>822,691</u>	<u>-</u>	<u>-</u>

### 27 Events after the reporting date

On 27 March 2020 Cambridge Commodities Inc acquired the raw ingredients business of the California, USA based Ultimate Superfoods Inc for the consideration of \$515,636.

### 28 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	30 November 2019 £	31 May 2018 £
Aggregate compensation	<u>890,609</u>	<u>652,055</u>

#### Other information

In addition to the above, the group and company have received loans from the director Mr J Stevens, upon which there are no repayment terms and no interest is accruing on the outstanding balances.

During the year the director advanced £2,484,777 (2018: £nil) to the company and £nil (2018: 647,777) to the group and was repaid £nil (2018: £nil) by the company and £3,948,283 (2018: £783,473) by the group. At the period end the director was owed £2,484,777 (2018: £nil) by the company and £2,829,465 (2018: £4,292,971) by the group.

### 29 Controlling party

The ultimate controlling party of the company is Mr J Stevens, the Managing Director, who owns 52% of the issued share capital of the company.

**CAMBRIDGE COMMODITIES HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****For the 18 months ended 30 November 2019****30 Cash absorbed by group operations**

	<b>18 months ended 30 November 2019 £</b>	<b>Year ended 31 May 2018 £</b>
Profit for the period after tax	1,995,915	334,684
<b>Adjustments for:</b>		
Taxation charged	769,386	14,233
Finance costs	475,667	221,015
Investment income	(11,211)	(106,222)
Gain on disposal of tangible fixed assets	(4,476,968)	(3,652)
Fair value loss on foreign exchange contracts	338,400	212,289
Amortisation and impairment of intangible assets	200,314	-
Depreciation and impairment of tangible fixed assets	172,357	197,217
Foreign exchange gains on translation	(11,335)	-
Equity settled share based payment expense	78,324	(82,784)
Corporation tax	(219,966)	233,497
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	1,137,719	(3,675,704)
Decrease/(increase) in debtors	1,326,250	(3,040,254)
(Decrease)/increase in creditors	(4,945,342)	2,602,071
<b>Cash absorbed by operations</b>	<b>(3,170,490)</b>	<b>(3,093,610)</b>

**31 Analysis of changes in net debt - group**

	<b>1 June 2018 £</b>	<b>Cash flows £</b>	<b>30 November 2019 £</b>
Cash at bank and in hand	243,990	34,425	278,415
Borrowings excluding overdrafts	(11,298,447)	4,639,812	(6,658,635)
Obligations under finance leases	(256,396)	74,563	(181,833)
	<b>(11,310,853)</b>	<b>4,748,800</b>	<b>(6,562,053)</b>

## **CAMBRIDGE COMMODITIES HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**For the 18 months ended 30 November 2019**

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#### **32 Prior period adjustment**

In preparing the financial statements for the 18 months ended 30 November 2019 two adjustments have been made to the figures previously reported. At 31 May 2018 the group reported £11,703,339 of retained profits and £418,598 of other reserves. These funds have been restated to £11,542,535 and £467,222 respectively.

The first restatement to retained profits related to a misstatement of a liability with HMRC from the year ended 30 November 2016. The liability had been settled immediately following 30 November 2016 but was not correctly accounted for. The restatement had the effect increasing other taxation and social security in creditors: amounts falling due within one year from £1,177,953 to £1,478,196 at 31 May 2018.

The second restatement was to retained profits and other reserves due to a misclassification of deemed interest on a long-term loan from a director in years ending 30 November 2016, the 6 months ending 31 May 2017 and the year ended 31 May 2018. The restatement had the effect of decreasing other borrowings in creditors: amounts falling due after more than one year from £3,357,982 to £3,169,919 at 31 May 2018.

Both adjustments were made to reserves and not reported through the statement of comprehensive income to allow comparability of the company's performance between the two periods.