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**HOLBUD LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 OCTOBER 2018**

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## HOLBUD LIMITED

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### COMPANY INFORMATION

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<b>Directors</b>	M G Khaku G M Merali H R Merali S A Merali D G Rowe
<b>Company secretary</b>	B D Sabarwal
<b>Registered number</b>	01328840
<b>Registered office</b>	66 Leaman Street London E1 8EU
<b>Independent auditor</b>	Barnes Roffe LLP Chartered Accountants Leytonstone House 3 Hanbury Drive Leytonstone London E11 1GA
<b>Bankers</b>	National Westminster Bank Plc Investec Bank Plc ABN AMRO Bank N.V. BIC-BRED (Suisse) SA Banque de Commerce et de Placements Arab Bank (Switzerland) ING Bank Ceska Sporitelna a.s. KBC Bank NV FIMBank Plc Banque Cantonale de Geneve HBL Habib Bank UK Banque Cantonale Vaudoise Europaisch-Iranische Handelsbank AG Credit Europe Bank Sberbank (Switzerland) AG Close Brothers Property Finance Varengold Bank Emirates NBD
<b>Solicitors</b>	Clyde & Co LLP St Botolph Building 138 Houndsditch London EC3A 7AR

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**HOLBUD LIMITED**

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## HOLBUD LIMITED

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### STRATEGIC REPORT FOR THE PERIOD ENDED 31 OCTOBER 2018

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#### Introduction

The directors present the strategic report for the year ended 31 October 2018.

#### Fair review of the business

The principal activity of the company continued to be that of trading in commodities.

The key financial highlights of the group are as follows:

	2018 £	2017 £
Turnover	1,675,416,608	1,923,911,560
Operating profit	13,217,622	18,425,714
Profit for the financial year	9,381,881	13,558,090

Whilst the economic climate remained steady over the past year, climate conditions in areas where we sell resulted in increased crop production and availability in these regions and therefore inevitably meant a reduction in turnover and gross profit.

The company also continues to work hard to maintain gross profit margins on trading and to remain competitive in our geographical markets and actively explore new markets for potential. The results of the company are consistent with the expectations of the directors who are pleased with the performance of the company during the year.

The directors are forecasting that the company will be able to continue its expansion in volume of trade through organic growth and it will steadily increase turnover and profits in the forthcoming year.

#### Principal risks and uncertainties

The company is subject to changes in commodity prices, however the company seeks to trade across a range of commodities thus reducing the risk.

The company is aware of the effect that climate change can have on both the sales and purchases of the company and is always reviewing both its supply and customer markets and endeavouring to research and establish new markets to cover existing and future contracts.

The potential effect of an uncertain economic climate on the sales and profitability of the company can be significant. However, the company has been able to remain profitable in prior years despite the impact of the economic climate.

The company's principal financial instruments comprise bank balances, documentary advances, trade debtors and trade creditors. The main purpose of these instruments is to raise funds and finance operations. The associated liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility using overdraft facilities and documentary advances at floating rates of interest. The group also uses regular customers and regular suppliers to reduce risk however due to the number of customers and suppliers it is not reliant on any key contractual arrangements to support its business.

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HOLBUD LIMITED

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STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 OCTOBER 2018

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This report was approved by the board on 07/06/2019, and signed on its behalf.

  
H R Merati  
Director

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## HOLBUD LIMITED

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### DIRECTORS' REPORT FOR THE PERIOD ENDED 31 OCTOBER 2018

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The directors present their report and the financial statements for the year ended 31 October 2018.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £9,381,881 (2017 - £13,558,090).

#### **Directors**

The directors who served during the year were:

M G Khaku  
G M Merali  
H R Merali  
S A Merali  
D G Rowe

#### **Future developments**

The directors aim to maintain the management policies which have resulted in the company's growth and sustainability in recent years.

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**HOLBUD LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 OCTOBER 2018**

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**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

This report was approved by the board on 07/06/2019 . and signed on its behalf.

  
H R Merali  
Director

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## HOLBUD LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HOLBUD LIMITED

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#### Opinion

We have audited the financial statements of Holbud Limited (the 'Company') for the year ended 31 October 2018, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

#### Other information

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

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



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## HOLBUD LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HOLBUD LIMITED (CONTINUED)

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misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

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

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

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

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

#### **Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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## HOLBUD LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HOLBUD LIMITED (CONTINUED)

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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: [www.frc.org.uk/auditorsresponsibilities](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.



Andrew May (Senior statutory auditor)  
for and on behalf of

**Barnes Roffe LLP**  
Chartered Accountants  
Leytonstone House  
3 Hanbury Drive  
Leytonstone  
London

E11 1GA

Date: 10 June 2019

**HOLBUD LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 OCTOBER 2018**

	Note	2018 £	2017 £
Turnover	4	1,675,416,608	1,923,911,560
Cost of sales		(1,660,636,033)	(1,901,221,612)
<b>Gross profit</b>		<b>14,780,575</b>	<b>22,689,948</b>
Administrative expenses		(1,562,953)	(4,264,234)
<b>Operating profit</b>	5	<b>13,217,622</b>	<b>18,425,714</b>
Interest receivable and similar income	9	558,872	931,996
Interest payable and similar charges	10	(2,498,070)	(2,407,948)
<b>Profit before tax</b>		<b>11,278,424</b>	<b>16,949,762</b>
Tax on profit	11	(1,896,543)	(3,391,672)
<b>Profit for the financial year</b>		<b>9,381,881</b>	<b>13,558,090</b>
<b>Other comprehensive income for the year</b>			
Unrealised surplus on revaluation of tangible fixed assets		500,000	850,000
Unrealised tax relating to revaluation of tangible fixed assets		(65,305)	(142,619)
Currency translation differences		2,912,165	(4,899,364)
<b>Total other comprehensive income for the year</b>		<b>3,346,860</b>	<b>(4,191,983)</b>
<b>Total comprehensive income for the year</b>		<b>12,728,741</b>	<b>9,366,107</b>

The notes on pages 11 to 25 form part of these financial statements.

**HOLBUD LIMITED**  
**REGISTERED NUMBER: 01328840**

**BALANCE SHEET**  
**AS AT 31 OCTOBER 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	12	2,548,346	2,037,586
		<u>2,548,346</u>	<u>2,037,586</u>
<b>Current assets</b>			
Stocks	13	39,841,436	51,475,401
Debtors: amounts falling due within one year	14	304,137,604	195,196,993
Cash at bank and in hand	15	26,600,067	42,309,833
		<u>370,579,107</u>	<u>288,982,227</u>
Creditors: amounts falling due within one year	16	(275,562,625)	(206,249,031)
<b>Net current assets</b>		<u>95,016,482</u>	<u>82,733,196</u>
<b>Total assets less current liabilities</b>		<u>97,564,828</u>	<u>84,770,782</u>
<b>Provisions for liabilities</b>			
Deferred tax	17	(234,426)	(169,121)
		<u>(234,426)</u>	<u>(169,121)</u>
<b>Net assets</b>		<u><u>97,330,402</u></u>	<u><u>84,601,661</u></u>
<b>Capital and reserves</b>			
Called up share capital		5,000,000	5,000,000
Revaluation reserve		1,992,165	1,557,470
Profit and loss account		90,338,237	78,044,191
		<u><u>97,330,402</u></u>	<u><u>84,601,661</u></u>

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

07/10/2019.

  
**H R Merali**  
Director

The notes on pages 11 to 25 form part of these financial statements.

**HOLBUD LIMITED**

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

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total equity £
<b>At 1 November 2016</b>	<b>5,000,000</b>	<b>862,793</b>	<b>69,372,761</b>	<b>75,235,554</b>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	13,558,090	13,558,090
Currency translation differences	-	-	(4,899,364)	(4,899,364)
Surplus on revaluation of freehold property	-	850,000	-	850,000
Tax relating to other comprehensive income	-	(142,619)	-	(142,619)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>707,381</b>	<b>8,658,726</b>	<b>9,366,107</b>
Transfer to/from profit and loss account	-	(12,704)	12,704	-
<b>At 1 November 2017</b>	<b>5,000,000</b>	<b>1,557,470</b>	<b>78,044,191</b>	<b>84,601,661</b>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	9,381,881	9,381,881
Currency translation differences	-	-	2,912,165	2,912,165
Surplus on revaluation of freehold property	-	500,000	-	500,000
Tax relating to other comprehensive income	-	(65,305)	-	(65,305)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>434,695</b>	<b>12,294,046</b>	<b>12,728,741</b>
<b>At 31 October 2018</b>	<b>5,000,000</b>	<b>1,992,165</b>	<b>90,338,237</b>	<b>97,330,402</b>

The notes on pages 11 to 25 form part of these financial statements.

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## HOLBUD LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2018

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#### 1. General information

Holbud Limited is a private company limited by shares incorporated in England and Wales. The registered office is 66 Leman Street, London, E1 8EU.

The principal activity of the company continued to be that of trading in commodities.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Holbud Group Limited as at 31 October 2018 and these financial statements may be obtained from the Registrar of Companies.

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## HOLBUD LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2018

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#### 2. Accounting policies (continued)

##### 2.3 Foreign currency translation

###### Functional and presentation currency

The Company's functional currency is Dollars. This differs from the presentational currency which is GBP.

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income.

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## HOLBUD LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2018

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#### 2. Accounting policies (continued)

##### 2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

###### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

###### **Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

##### 2.5 Interest income

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

##### 2.6 Finance costs

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

##### 2.7 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.



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

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**2. Accounting policies (continued)**

**2.8 Pensions**

**Defined contribution pension plan**

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

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

**2.9 Current and deferred taxation**

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

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

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

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

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

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## HOLBUD LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2018

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#### 2. Accounting policies (continued)

##### 2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following annual basis:

Freehold land and buildings	- Not depreciated
Fixtures, fittings and equipment	- 10%-33% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

##### 2.11 Revaluation of tangible fixed assets

Individual freehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance sheet date.

Fair values are determined from market based evidence normally undertaken by the directors.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

##### 2.12 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### 2.13 Debtors

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

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## HOLBUD LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2018

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#### 2. Accounting policies (continued)

##### 2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### 2.15 Creditors

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

##### 2.16 Provisions for liabilities

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

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

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

##### 2.17 Financial instruments

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

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

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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## HOLBUD LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2018

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#### 2. Accounting policies (continued)

##### 2.17 Financial instruments (continued)

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### Critical judgements in applying the entity's accounting policies

No significant judgments have had to be made by management in preparing these financial statements.

##### Critical accounting estimates and assumptions

##### Impairment of debtors

The Company makes an estimate of the recoverable value of trade debtors. When assessing impairment of trade debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 14 for the net carrying amount of the trade debtors.

#### 4. Turnover

The whole of the turnover is attributable to the one principal activity of the company being that of wholesale of grain, oil seeds, pulses and other agri products.

The geographical markets supplied have not been disclosed as the directors feel this information would be seriously prejudicial to the interests of the company.

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

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5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Cost of stocks recognised as an expense	1,660,636,033	1,901,221,612
Exchange differences	(692,877)	871,952
Depreciation of owned tangible fixed assets	16,311	36,420
Loss on disposal of tangible fixed assets	-	7,663
Defined contribution pension costs	7,979	6,044

6. Auditor's remuneration

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	36,000	31,000

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

7. Employees

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

	2018 £	2017 £
Wages and salaries	1,326,849	1,513,774
Social security costs	154,731	209,435
Cost of defined contribution scheme	7,979	6,044
	1,489,559	1,729,253

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

	2018 No.	2017 No.
Staff	24	25

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

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**8. Directors' remuneration**

	2018 £	2017 £
Directors' emoluments	405,128	351,875
Company contributions to defined contribution pension schemes	1,978	-
	<u>407,106</u>	<u>351,875</u>

During the year retirement benefits were accruing to 3 directors (2017 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £258,772 (2017 - £265,286).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £664 (2017 - £381).

**9. Interest receivable and similar income**

	2018 £	2017 £
Bank interest	<u>558,872</u>	<u>931,996</u>

**10. Interest payable and similar charges**

	2018 £	2017 £
Bank interest payable	2,475,356	2,385,889
Other interest payable	22,714	22,059
	<u>2,498,070</u>	<u>2,407,948</u>

**11. Taxation**

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	1,892,872	3,278,058
Adjustments in respect of previous periods	3,671	113,614
<b>Total current tax</b>	<u>1,896,543</u>	<u>3,391,672</u>

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

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11. Taxation (continued)

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2017 - *higher than*) the standard rate of corporation tax in the UK of 19% (2017 - 19%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>11,278,424</u>	<u>16,949,762</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19%)	<b>2,142,901</b>	3,220,455
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	521	7,405
Deferred tax not provided	(3,318)	3,729
Depreciation on assets not qualifying for tax allowances	-	3,167
Adjustments to tax charge in respect of prior periods	-	14,156
Non-taxable reversal of accruals	(247,231)	-
Effect of change in corporation tax rate	-	69,853
Group relief	-	(26,551)
Under/(over) provided in prior years	3,670	99,458
<b>Total tax charge for the year</b>	<u><b>1,896,543</b></u>	<u>3,391,672</u>

**Factors that may affect future tax charges**

In the 2016 Budget the Government announced a further reduction to the main rate of UK corporation tax from 1 April 2020, setting the rate at 17%. Where applicable deferred tax assets and liabilities reflect these rates.

The capital allowances special rate for qualifying plant and machinery assets will be reduced from 8% to 6% from 6 April 2019.

**HOLBUD LIMITED**

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

**12. Tangible fixed assets**

	Freehold land and buildings £	Fixtures, fittings and equipment £	Total £
<b>Cost or valuation</b>			
At 1 November 2017	2,000,000	230,302	2,230,302
Additions	-	27,071	27,071
Revaluations	500,000	-	500,000
At 31 October 2018	<u>2,500,000</u>	<u>257,373</u>	<u>2,757,373</u>
<b>Depreciation</b>			
At 1 November 2017	-	192,716	192,716
Charge for the year on owned assets	-	16,311	16,311
At 31 October 2018	<u>-</u>	<u>209,027</u>	<u>209,027</u>
<b>Net book value</b>			
At 31 October 2018	<u>2,500,000</u>	<u>48,346</u>	<u>2,548,346</u>
At 31 October 2017	<u>2,000,000</u>	<u>37,586</u>	<u>2,037,586</u>

The net book value of land and buildings may be further analysed as follows:

	2018 £	2017 £
Freehold property	<u>2,500,000</u>	<u>2,000,000</u>

After due consideration to current market prices of similar properties at the year end, the property has been revalued by the directors to £2,500,00 on an open market value basis. No independent valuer was involved.



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**NOTES TO THE FINANCIAL STATEMENTS  
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Cost or valuation at 31 October 2018 is as follows:

	<b>Land and buildings £</b>
<b>At cost</b>	<b>396,248</b>
<b>At valuation:</b>	
March 2014 and March 2017	<b>2,103,752</b>
	<b><u>2,500,000</u></b>

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	<b>2018 £</b>	<b>2017 £</b>
Cost	<b>396,248</b>	396,248
Accumulated depreciation	<b>(126,801)</b>	(122,839)
<b>Net book value</b>	<b><u>269,447</u></b>	<u>273,409</u>

Freehold land and buildings with a carrying amount of £2,500,000 (2017 - £2,000,000) have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

**13. Stocks**

	<b>2018 £</b>	<b>2017 £</b>
Goods in transit	<b><u>39,841,436</u></b>	<u>51,475,401</u>

**14. Debtors**

	<b>2018 £</b>	<b>2017 £</b>
Trade debtors	<b>288,461,104</b>	175,635,084
Amounts owed by group undertakings	<b>14,267,720</b>	18,176,468
Other debtors	<b>1,373,239</b>	1,346,297
Prepayments	<b>35,541</b>	39,144
	<b><u>304,137,604</u></b>	<u>195,196,993</u>

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

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**15. Cash and cash equivalents**

	2018 £	2017 £
Cash at bank and in hand	26,600,067	42,309,833
Less: bank overdrafts	(172,517)	(4,372)
	<u>26,427,550</u>	<u>42,305,461</u>

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

	2018 £	2017 £
Bank overdrafts	172,517	4,372
Bank loans	155,289,355	91,129,892
Trade creditors	107,527,889	99,116,814
Amounts owed to group undertakings	9,551,588	8,548,757
Corporation tax	2,691,675	3,888,238
Other taxation and social security	40,348	155,724
Other creditors	69,742	1,200,256
Accruals	219,511	2,204,978
	<u>275,562,625</u>	<u>206,249,031</u>

Bank loans are guaranteed by its parent company and fellow subsidiaries.

Certain bank loans are secured against the asset to which they relate.

Bank loans are secured by property owned by fellow subsidiaries.

**17. Deferred taxation**

	2018 £	2017 £
At beginning of year	(169,121)	(26,502)
Charged to other comprehensive income	(65,305)	(142,619)
<b>At end of year</b>	<u>(234,426)</u>	<u>(169,121)</u>

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

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**17. Deferred taxation (continued)**

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Revaluation of land and building	234,426	169,121
	<u>234,426</u>	<u>169,121</u>

**18. Share capital**

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
5,000,000 (2017 - 5,000,000) Ordinary shares of £1.00 each	<u>5,000,000</u>	<u>5,000,000</u>

**19. Pension commitments**

The company operated a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £7,979 (2017 - £6,044). Contributions totaling £2,740 (2017 - £873) were payable to the fund at the balance sheet date and are included within other creditors.

**20. Financial commitments, guarantees and contingent liabilities**

The company has given cross guarantees to secure the borrowings of fellow subsidiary undertakings of Holbud Group Limited.

**21. Transactions with directors**

During the year, advances and credits have been granted to the directors.

During the year, £16,506 (2017 - £Nil) was advanced to directors'. Interest of £Nil (2017 - £Nil) was charged on amounts advanced and £750 (2017 - £3,000) was repaid. At the year end, the directors' owed the company £432,401 (2017 - £416,645).

Loans and advances are interest-free and repayable after more than one year by instalments.

The directors have given first legal charges over properties as security in respect of borrowings amounting to £7,705,000 (2017 - £7,705,000) at the year end.

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## HOLBUD LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2018

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#### **22. Related party transactions**

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

Transactions with group companies are not disclosed by virtue of the exemption claimed under FRS102 paragraph 33.1A. The group publishes consolidated accounts.

#### **23. Controlling party**

The immediate and ultimate parent company is Holbud Group Limited, a company registered in England and Wales.

Holbud Group Limited prepares group financial statements and copies can be obtained from the Registrar of Companies.