
HOLBUD LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 OCTOBER 2022

HOLBUD LIMITED

COMPANY INFORMATION

Directors

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

Registered number

01328840

Registered office

61 Charlotte Street
London
W1T 4PF

Independent auditor

Barnes Roffe LLP
Chartered Accountants
Leytonstone House
Leytonstone
London
E11 1GA

National Westminster Bank Plc

Investec Bank Plc

BIC-BRED (Suisse) SA

Banque de Commerce et de Placements

Arab Bank (Switzerland)

ING Bank

Banque Cantonale de Geneve

HLB Habib Bank UK

Banque Cantonale Vaudoise

Europaisch-Iranische Handelsbank AG

TradeXBank AG

Varengold Bank

Bankers

Volksbank

Solicitors

Clyde & Co LLP
St Botolph Building
138 Houndsditch
London
EC3A 7AR

HOLBUD LIMITED

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HOLBUD LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 31 OCTOBER 2022

Introduction

The directors present the strategic report for the year ended 31 October 2022.

Fair review of 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:

	2022 £	2021 £
Turnover	2,668,937,042	1,737,560,448
Gross profit	27,984,982	24,920,888
Profit before tax	15,998,286	16,666,239
EBITDA	<u>18,329,534</u>	<u>18,581,624</u>

The key performance indicator of the business is gross profit.

The unprecedented events of the last year has meant a difficult economic climate. The company has seen an increase in turnover in the year which is due to an increase in commodity prices and demand in the market.

The company 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.

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 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 customer or supplier to support its business.

STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 OCTOBER 2022

Directors' statement of compliance with duty to promote the success of the Company

As the Directors of Holbud Limited, we have a legal responsibility under section 172 of the Companies Act 2006 to act in the way we consider, in good faith, would be most likely to promote the company's success for the benefit of its members as a whole, and to have regard to the long-term effect of our decisions on the company and its stakeholders and in doing so must have regard to the following:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.

Our key stakeholders, and the ways in which we engage with them, are as follows:

Employees

Our business success is strongly linked to the skills of its employees and this is reflected in the high levels of service that we provide.

To ensure that we maintain the high standards retention and recruitment of our employees is critical and we therefore provide appropriate levels of training to support their development.

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees.

Customers and Suppliers

We are aware that the our customers and suppliers are an important part of our success. We have strong relationships with our customers and are in constant discussions with them to ensure that we understand their evolving needs and adapt our services accordingly. We have strong supplier partnerships which ensures that we are in constant communication and they are aware of our standards and requirements.

Our conduct guarantees that we treat all suppliers and customers fairly and we ensure all performance obligations are met, if not exceeded.

Standards of Business Conduct

The company is committed to conduct business with the highest integrity and the compliance with the law and have standards in place which must be adhered to by everyone who represents the company. These standards embody the fundamental principles that govern our ethical and legal obligations. These standards not only comply with the company's policies but also with laws and regulations applicable.

This report was approved by the board on 23 June 2023 and signed on its behalf.

H R Merali
Director

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 OCTOBER 2022**

The directors present their report and the financial statements for the year ended 31 October 2022.

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 £12,893,851 (2021 - £13,468,400).

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.

HOLBUD LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 OCTOBER 2022**

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 23 June 2023 and signed on its behalf.

H R Merali

Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOLBUD LIMITED

Opinion

We have audited the financial statements of Holbud Limited (the 'Company') for the year ended 31 October 2022, which comprise the Profit and loss account, 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 2022 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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

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 set out 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.

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

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- Ensuring that the engagement team collectively had the appropriate competence, capabilities and skills to identify non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the Company through discussions with directors, and from our commercial knowledge and experience of the relevant sector;
- The specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Company, are as follows - Companies Act 2006, FRS 102, Employment legislation and Tax legislation.
- We assessed the extent of the compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence.
- Laws and regulations were communicated within the audit team at the planning meeting, and the audit team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations;
- Reviewing the financial statements and testing the disclosures against supporting documentation;
- Performing analytical procedures to identify any unusual or unexpected trends or anomalies;
- Inspecting and testing journal entries to identify unusual or unexpected transactions;
- Assessing whether judgement and assumptions made in determining significant accounting estimates were indicative of management bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

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

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 ACCA (Senior statutory auditor)

for and on behalf of

Barnes Roffe LLP

Chartered Accountants

Leytonstone House

Leytonstone

London

E11 1GA

26 June 2023

HOLBUD LIMITED
REGISTERED NUMBER: 01328840

BALANCE SHEET
AS AT 31 OCTOBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	12	2,738,095	2,694,470
Current assets			
			34,514,314
Stocks	13	1,553,284	326,465,026
Debtors: amounts falling due within one year	14	925,628,878	32,589,311
Cash at bank and in hand		65,275,740	
			393,568,651
		992,457,902	
Creditors: amounts falling due within one year	15	(824,695,891)	(262,940,465)
Net current assets		167,762,011	130,628,186
Creditors: amounts falling due after more than one year	16	(39,768)	(49,604)
Provisions for liabilities			(291,913)
Deferred tax	18	(395,845))
		(395,845)	(291,913)
Net assets		<u>170,064,493</u>	<u>132,981,139</u>
Capital and reserves			
Called up share capital	19	5,000,000	5,000,000
Revaluation reserve	20	1,850,711	2,208,168
Profit and loss account	20	163,213,782	125,772,971
		<u>170,064,493</u>	<u>132,981,139</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 June 2023.

H R Merali
Director

The notes on pages 11 to 27 form part of these financial statements.

HOLBUD LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 OCTOBER 2022

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 November 2020	5,000,000	2,037,936	118,627,767	125,665,703
Comprehensive income for the year				
Profit for the year	-	-	13,468,400	13,468,400
Currency translation differences	-	-	(6,323,196)	(6,323,196)
Surplus on revaluation of freehold property	-	170,232	-	170,232
Total comprehensive income for the year	-	170,232	7,145,204	7,315,436
At 1 November 2021	5,000,000	2,208,168	125,772,971	132,981,139
Comprehensive income for the year				
Profit for the year	-	-	12,893,851	12,893,851
Currency translation differences	-	-	24,464,221	24,464,221
Deficit on revaluation of freehold property	-	(274,718)	-	(274,718)
Total comprehensive income for the year	-	(274,718)	37,358,072	37,083,354
Transfer to/from profit and loss account	-	(82,739)	82,739	-
At 31 October 2022	5,000,000	1,850,711	163,213,782	170,064,493

The notes on pages 11 to 27 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 OCTOBER 2022**

1. General information

Holbud Limited is a private company limited by shares incorporated in England and Wales. The registered office is 61 Charlotte Street, London, W1T 4PF.

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 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 11.42, 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 2022 and these financial statements may be obtained from Registrar of Companies.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 OCTOBER 2022**

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional currency is US Dollars. This differs from the presentational currency which is GBP. The presentational currency is that of the country of incorporation of the Company.

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 profit or loss 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 OCTOBER 2022**

2. Accounting policies (continued)

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.7 Finance costs

Finance costs are charged to profit or loss 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.

2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.9 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 profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 OCTOBER 2022

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 OCTOBER 2022

2. Accounting policies (continued)

2.11 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.

Depreciation is provided on the following annual basis:

Freehold land and buildings	- Not depreciated
Motor vehicles	- 20% straight line
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 profit or loss.

2.12 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.

2.13 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.

2.14 Debtors

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 OCTOBER 2022**

2. Accounting policies (continued)

2.15 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.

2.16 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.

Purchase invoices in respect of goods are recognised based on the date of the Bill of Lading when the significant risks and rewards of ownership are deemed to have been transferred.

2.17 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 profit or loss 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.

2.18 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 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 OCTOBER 2022**

2. Accounting policies (continued)

2.18 Financial instruments (continued)

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the 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.

HOLBUD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 OCTOBER 2022**

5. Operating profit

The operating profit is stated after charging:

	2022	2021
	£	£
Exchange differences	5,151,510	1,081,362
Other operating lease rentals	<u>511,545</u>	<u>350,167</u>

6. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor and its associates:

	2022	2021
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements	54,500	50,985

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

7. Employees

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

	2022	2021
	£	£
Wages and salaries	1,177,172	1,942,510
Social security costs	135,243	250,820
Cost of defined contribution scheme	35,951	34,533
	<u>1,348,366</u>	<u>2,227,863</u>

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

	2022	2021
	No.	No.
Staff	<u>29</u>	<u>32</u>

HOLBUD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 OCTOBER 2022**

8. Directors' remuneration

	2022	2021
	£	£
Directors' emoluments	108,617	833,452
Company contributions to defined contribution pension schemes	9,218	7,409
	<u>117,835</u>	<u>840,861</u>

During the year retirement benefits were accruing to 3 directors (2021 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £74,321 (2021 - £693,757).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6,721 (2021 - £1,317).

Included within the directors' remuneration of £108,617, is the reversal of a bonus accrual amounting to £377,359 from the prior year.

9. Interest receivable and similar income

	2022	2021
	£	£
Other interest	<u>1,616</u>	<u>24,091</u>

10. Interest payable and similar charges

	2022	2021
	£	£
Bank interest	2,092,129	1,832,774
Other interest	182,387	55,202
	<u>2,274,516</u>	<u>1,887,976</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 OCTOBER 2022**

11. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	3,028,209	3,140,545
Adjustments in respect of previous periods	(27,706)	31,379
Total current tax	<u>3,000,503</u>	<u>3,171,924</u>
Deferred tax		
Origination and reversal of timing differences	103,932	25,915
Total deferred tax	<u>103,932</u>	<u>25,915</u>
Taxation on profit on ordinary activities	<u>3,104,435</u>	<u>3,197,839</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>15,998,286</u>	<u>16,666,239</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	3,039,674	3,166,585
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(422)	1,326
Capital allowances in excess of depreciation	(2,114)	(1,451)
Adjustments to tax charge in respect of prior periods	(27,706)	31,379
Differences due to a change in tax rate	95,003	-
Total tax charge for the year	<u>3,104,435</u>	<u>3,197,839</u>

Factors that may affect future tax charges

At the Budget 2021 on 3 March 2021, the Government announced that the corporation tax rate will increase to 25% for companies with profits above £250,000 with effect from 1 April 2023. These changes were substantively enacted at the balance sheet date and hence have been reflected in the measurement of deferred tax balances at the period end.

HOLBUD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 OCTOBER 2022

12. Tangible fixed assets

	Freehold land and buildings	Motor vehicles	Fixtures, fittings and equipment	Total
	£	£	£	£
Cost or valuation				
At 1 November 2021	2,500,000	163,370	228,148	2,891,518
Additions	-	64,890	37,083	101,973
Revaluations	(274,718)	-	-	(274,718)
Exchange adjustments	274,718	-	-	274,718
At 31 October 2022	2,500,000	228,260	265,231	2,993,491
Depreciation				
At 1 November 2021	-	32,624	164,424	197,048
Charge for the year on owned assets	-	17,902	25,674	43,576
Charge for the year on financed assets	-	14,772	-	14,772
At 31 October 2022	-	65,298	190,098	255,396
Net book value				
At 31 October 2022	2,500,000	162,962	75,133	2,738,095
At 31 October 2021	2,500,000	130,746	63,724	2,694,470

HOLBUD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 OCTOBER 2022**

12. Tangible fixed assets (continued)

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

	2022	2021
	£	£
Freehold	<u>2,500,000</u>	<u>2,500,000</u>

After due consideration to current market prices of similar properties at the year end, the property has not been revalued by the directors and £2,500,000 is considered to be an appropriate value on an open market value basis. No independent valuer was involved.

Cost or valuation at 31 October 2022 is as follows:

	Land and buildings £
At cost	396,248
At valuation:	
31 October 2022	<u>2,103,752</u>
	<u>2,500,000</u>

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

	2022	2021
	£	£
Cost	396,248	396,248
Accumulated depreciation	(138,687)	(138,687)
Net book value	<u>257,561</u>	<u>257,561</u>

Freehold land and buildings with a carrying amount of £2,500,000 (2021 - £2,500,000) 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.

HOLBUD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 OCTOBER 2022

13. Stocks

	2022 £	2021 £
Finished goods and goods for resale	<u>1,553,284</u>	<u>34,514,314</u>

At the balance sheet date, the value of stock secured by outstanding bank loans amounted to £Nil (2021 - £34,514,314).

14. Debtors

	2022 £	2021 £
Trade debtors	904,088,260	306,216,444
Amounts owed by group undertakings	20,101,245	18,721,852
Other debtors	1,406,832	1,493,925
Prepayments	32,541	32,805
	<u>925,628,878</u>	<u>326,465,026</u>

HOLBUD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 OCTOBER 2022**

15. Creditors: Amounts falling due within one year

	2022 £	2021 £
Bank loans	72,380,032	58,172,572
Trade creditors	728,572,775	185,837,132
Amounts owed to group undertakings	17,080,188	12,821,637
Corporation tax	6,323,982	5,292,754
Other taxation and social security	47,261	56,467
Obligations under hire purchase contracts	9,836	9,836
Other creditors	18,090	28,582
Accruals	263,727	721,485
	<u>824,695,891</u>	<u>262,940,465</u>

Bank loans amounting to £19,422,385 (2021 - £13,902,387) are secured on the freehold property owned by the company, on certain investment properties owned by fellow subsidiaries, and by guarantees given by fellow subsidiaries.

Bank loans amounting to £8,208,946 (2021 - £6,848,761) are secured by a guarantee from the parent company. They are also secured by a first legal charge over properties owned by the directors.

Net obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

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

	2022 £	2021 £
Net obligations under hire purchase contracts	<u>39,768</u>	<u>49,604</u>

Net obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

17. Hire purchase

Minimum lease payments under hire purchase fall due as follows:

	2022 £	2021 £
Within one year	9,836	9,836
Between 1-5 years	39,768	49,604
	<u>49,604</u>	<u>59,440</u>

HOLBUD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 OCTOBER 2022

18. Deferred taxation

	2022 £	2021 £
At beginning of year	(291,913)	(265,998)
Charged to other comprehensive income	(103,932)	(25,915)
At end of year	(395,845)	(291,913)

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	(51,101)	(29,907)
Revaluation of land and building	(344,744)	(262,006)
	(395,845)	(291,913)

19. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
5,000,000 (2021 - 5,000,000) Ordinary shares of £1.00 each	5,000,000	5,000,000

20. Reserves

Revaluation reserve

The revaluation reserve represents the cumulative revaluation of the freehold property net of deferred tax.

Profit and loss account

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 OCTOBER 2022

21. 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 £35,951 (2021 - £34,533). Contributions totaling £Nil (2021 - £17,116) were payable to the fund at the balance sheet date and are included within other creditors.

22. Commitments under operating leases

At 31 October 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	550,000	-
Later than 1 year and not later than 5 years	2,200,000	-
Later than 5 years	5,087,500	-
	<u>7,837,500</u>	<u>-</u>

23. Financial commitments, guarantees and contingent liabilities

The Company has pledged its freehold property and given cross guarantees to secure the borrowings of fellow subsidiary undertakings of Holbud Group Limited. The total amount secured at the year end was £7,296,250 (2021 - £7,718,566).

24. Transactions with directors

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

During the year, £9,250 (2021 - £6,452) was advanced to directors. At the year end, the directors owed the Company £458,174 (2021 - £448,924).

Loans and advances are interest-free and repayable on demand.

The directors have given first legal charges over properties as security in respect of borrowings amounting to £7,705,000 (2021 - £7,705,000) at the year end.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 OCTOBER 2022**

25. 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.

During the year, donations of £892,644 (2021 - £841,744) was made to a charity whose trustees were the directors of Holbud Limited.

26. Controlling party

The immediate and ultimate parent company is Holbud Group Limited, a company registered in England and Wales. Its registered office address is 61 Charlotte Street, London, W1T 4PF.

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

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