

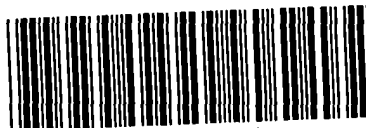
Registered number: 01433354

**CAVENDISH SHIPS STORES LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JANUARY 2019**

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**CAVENDISH SHIPS STORES LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	A Price (appointed 1 April 2019) T Hussey S Burden J Davey D Kennedy-Sloane P Barbour (appointed 1 April 2019)
<b>Company secretary</b>	D Kennedy-Sloane
<b>Registered number</b>	01433354
<b>Registered office</b>	40 West Market Building London Central Markets Smithfield London EC1A 9PS
<b>Independent auditor</b>	Crowe U.K. LLP Riverside House 40 - 46 High Street Maidstone Kent ME14 1JH

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**CAVENDISH SHIPS STORES LIMITED**

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## CAVENDISH SHIPS STORES LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 JANUARY 2019

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#### Principal activities

The principal activity of the company continued to be that of ship chandlers and wholesale of foodstuffs.

#### Business review

This was a difficult year the trading division, where turnover continued to fall; the company's turnover of £25m reflects this decline. Margins improved slightly to 6.7%, however. Pre-tax profit was a disappointing £28k, down from £111k in the previous year.

Notwithstanding the above, the outlook for the cruise sector is buoyant with several significant cruise ship launches planned over the next few years. In order to keep pace with planned capacity growth in excess of 30% the Board decided to invest in a much larger, modern warehouse facility in Fareham. The company relocated to this fully bonded, state of the art facility in April 2019 and has already attracted significant new business.

#### Principal risks and uncertainties

Cavendish Ships Stores Ltd faces the following key risks:

- Supply to cruise companies is by annual tender. The competition to supply is intense resulting in significant margin pressure; uncertainty is also created as there is no guarantee of the amount of business that will be awarded each year. The company manages these problems by working closely with its customers to provide optimal and innovative solutions to victualing requirements and by demonstrating its ability to meet strict service level requirements.
- The customer base is narrow in the specialist cruise and ferry sector, curtailing growth prospects and creating risk to the company should any customer's business be lost. The company is therefore expanding in other areas to broaden its customer base and reduce dependency on one market sector.
- Export trading faces exchange risk, sterling strength reducing the company's competitiveness. This risk is managed by harnessing the company's buying expertise and industry knowledge to make unique offers to potential customers.

#### Financial key performance indicators

	2019	2018
Gross margin percentage	6.8%	6.5%
Operating profit percentage	0.1%	0.4%
Stock days	16.1	17.7
Debtor days	51.5	58.3
Creditor days	34.2	41.7

#### Future developments

Cavendish Ships Stores continues to develop its close relationships with customers, supporting their business growth and development plans.

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**CAVENDISH SHIPS STORES LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 JANUARY 2019**

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



.....  
**T Hussey**  
Director

Date: 6/8/19

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## CAVENDISH SHIPS STORES LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2019

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The directors present their report and the financial statements for the year ended 31 January 2019.

#### 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;
- 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 £18,767 (2018 - £85,806).

The directors do not recommend a payment of a final dividend for the year ended 31 January 2019 (2018 - £nil).

#### Directors

The directors who served during the year were:

T Hussey  
S Burden  
J Davey  
D Kennedy-Sloane

#### Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Post year end the group refinanced with a new group wide invoice discounting facility. The directors believe the new facilities provides the group with sufficient working capital for at least 12 months following the signing of these financial statements. The company therefore continues to adopt the going concern basis in preparing its financial statements.

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**CAVENDISH SHIPS STORES LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 JANUARY 2019**

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**Financial Instruments**

The directors have taken advantage of the exemption provided in section 3.3 of FRS 102 not to disclose details of the company's financial instruments on the basis that they are disclosed in the consolidated financial statements of the ultimate parent company - Burden Group Holdings Limited.

**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**

On 1 April 2019 the entire share capital of Burden Group Holdings was acquired by VC MP SPV 1 Limited.

**Auditor**

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



.....  
**T Hussey**  
Director

Date: 6/8/19

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## CAVENDISH SHIPS STORES LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CAVENDISH SHIPS STORES LIMITED

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#### Opinion

We have audited the financial statements of Cavendish Ships Stores Limited (the 'Company') for the year ended 31 January 2019, 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 January 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### 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



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## CAVENDISH SHIPS STORES LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CAVENDISH SHIPS STORES LIMITED (CONTINUED)

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

We have nothing to report in this regard.

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

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

- the information given in the 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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**CAVENDISH SHIPS STORES LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CAVENDISH SHIPS STORES  
LIMITED (CONTINUED)**

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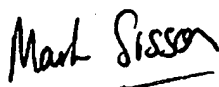
**Auditor's responsibilities for the audit of the financial statements**

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 shareholders, 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 shareholders 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 shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.



Mark Sisson (Senior Statutory Auditor)

for and on behalf of  
**Crowe U.K. LLP**

Senior Statutory Auditor

Riverside House  
40 - 46 High Street  
Maidstone  
Kent

ME14 1JH

Date: 6/8/19

**CAVENDISH SHIPS STORES LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 JANUARY 2019**

	Note	2019 £	2018 £
Turnover	4	25,340,031	26,271,982
Cost of sales		<u>(23,623,886)</u>	<u>(24,573,232)</u>
<b>GROSS PROFIT</b>		<b>1,716,145</b>	<b>1,698,750</b>
Distribution costs		(304,045)	(241,158)
Administrative expenses		(1,379,715)	(1,342,038)
Other operating income		<u>2,257</u>	<u>-</u>
<b>OPERATING PROFIT</b>	5	<b>34,642</b>	<b>115,554</b>
Interest receivable and similar income	8	643	254
Interest payable and expenses	9	<u>(6,850)</u>	<u>(5,213)</u>
<b>PROFIT BEFORE TAX</b>		<b>28,435</b>	<b>110,595</b>
Tax on profit	10	<u>(9,668)</u>	<u>(24,789)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b><u>18,767</u></b>	<b><u>85,806</u></b>

There was no other comprehensive income for 2019 (2018: £NIL).

The notes on pages 11 to 24 form part of these financial statements.

**CAVENDISH SHIPS STORES LIMITED**  
**REGISTERED NUMBER: 01433354**

**BALANCE SHEET**  
**AS AT 31 JANUARY 2019**

	Note	2019 £	2018 £
<b>FIXED ASSETS</b>			
Tangible assets	11	134,800	58,233
		<u>134,800</u>	<u>58,233</u>
<b>CURRENT ASSETS</b>			
Stocks	12	1,016,880	1,170,570
Debtors: amounts falling due within one year	13	6,753,428	5,742,198
Cash at bank and in hand	14	84,009	29,428
		<u>7,854,317</u>	<u>6,942,196</u>
Creditors: amounts falling due within one year	15	(6,533,680)	(5,568,671)
<b>NET CURRENT ASSETS</b>		<u>1,320,737</u>	<u>1,375,525</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,455,337</u>	<u>1,433,758</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred tax	16	(2,812)	-
		<u>(2,812)</u>	<u>-</u>
<b>NET ASSETS</b>		<u>1,452,525</u>	<u>1,433,758</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	660,000	660,000
Profit and loss account		802,525	783,758
		<u>1,462,525</u>	<u>1,433,758</u>

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

  
 .....  
**T Hussey**  
 Director

Date: 6/8/19

The notes on pages 11 to 24 form part of these financial statements.

**CAVENDISH SHIPS STORES LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JANUARY 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 February 2018	650,000	783,758	1,433,758
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the year	-	18,767	18,767
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	18,767	18,767
<b>AT 31 JANUARY 2019</b>	<b>650,000</b>	<b>802,525</b>	<b>1,452,525</b>

The notes on pages 11 to 24 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JANUARY 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 February 2017	650,000	697,952	1,347,952
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the year	-	85,806	85,806
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	85,806	85,806
<b>AT 31 JANUARY 2018</b>	<b>650,000</b>	<b>783,758</b>	<b>1,433,758</b>

The notes on pages 11 to 24 form part of these financial statements.

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## CAVENDISH SHIPS STORES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

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#### 1. General information

The company is a private company, limited by shares, incorporated in England and Wales (registered number 01433354).

The principal activity of the company continued to be that of ship chandlers and wholesale of foodstuffs.

The address of the registered office is:  
40 West Market Building,  
London Central Markets Smithfield,  
London, EC1A 9PS.

#### 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).

##### 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 Burden Group Holdings Limited as at 31 January 2019 and these financial statements may be obtained from Companies House.

##### 2.3 Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Post year end the group refinanced with a new group wide invoice discounting facility. The directors believe the new facilities provides the group with sufficient working capital for at least 12 months following the signing of these financial statements. The company therefore continues to adopt the going concern basis in preparing its financial statements.

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**CAVENDISH SHIPS STORES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2019**

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**2. Accounting policies (continued)**

**2.4 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is Pound Sterling.

**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.

**2.5 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. This is usually at the date of despatch. 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.

**2.6 Interest income**

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

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**CAVENDISH SHIPS STORES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2019**

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**2. Accounting policies (continued)**

**2.7 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.

**2.8 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.

**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.



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## CAVENDISH SHIPS STORES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

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#### 2. Accounting policies (continued)

##### 2.10 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Short Term Leasehold Property	- 10% over the period of the lease
Plant & machinery	- 5-25% straight line
Motor vehicles	- 25% straight line

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 Operating leases: Lessee

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

##### 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. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 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.

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## CAVENDISH SHIPS STORES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

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#### 2. Accounting policies (continued)

##### 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 instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

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

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

##### Stock provision

Non-moving, slow moving and short dated stocks are assessed at the balance sheet date and if it is deemed that there is a material risk that some or all of the stock cannot be sold, then a provision is made.

##### RPA provision

Included within accruals at the year end is an amount in relation to amounts due to the Rural Payments Agency. Management believe that these amounts remain payable at the year end.

##### VAT debtor

Included within debtors at the year end are historical amounts of £2.7m withheld by HMRC in respect of an ongoing investigation into a potential carousel fraud.

The company is unaware of any wrongdoing on its part and strongly believes that HMRC will come to the same conclusion. The company has sought legal advice which supports this view.

HMRC have made their case and the matters will now proceed to a tribunal in November 2019.

Management consider these amounts to be recoverable at the year end.

The £2.7m does not include any legal fees that may be payable should the company lose the case.

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**CAVENDISH SHIPS STORES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2019**

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**4. Turnover**

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	22,102,510	21,996,934
Rest of Europe	3,047,934	2,597,923
Rest of the world	189,587	1,677,125
	<u>25,340,031</u>	<u>26,271,982</u>

**5. Operating profit**

The operating profit is stated after charging/(crediting):

	2019 £	2018 £
Depreciation of tangible fixed assets	47,561	39,594
Exchange differences	24	-
Other operating lease rentals	<u>209,367</u>	<u>193,065</u>

Directors are also directors of the holding company and are paid via this holding company.

**6. Auditor's remuneration**

	2019 £	2018 £
<b>Fees payable to the Company's auditor in respect of:</b>		
The audit of the company's financial statements	<u>10,300</u>	<u>10,000</u>

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.

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**CAVENDISH SHIPS STORES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**7. Employees**

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	732,279	677,635
Social security costs	64,633	63,430
Cost of defined contribution scheme	17,652	15,205
	<u>814,564</u>	<u>756,270</u>

The directors remuneration for Cavendish Ships Stores Limited is paid via The Burden Group Limited.

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

	2019 No.	2018 No.
Office and management	9	9
Sales and distribution	25	25
	<u>34</u>	<u>34</u>

**8. Interest receivable**

	2019 £	2018 £
Other interest receivable	<u>643</u>	<u>254</u>

**9. Interest payable and similar expenses**

	2019 £	2018 £
Other loan interest payable	<u>6,850</u>	<u>5,213</u>

**CAVENDISH SHIPS STORES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**10. Taxation**

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	-	25,514
Adjustments in respect of previous periods	-	2,587
<b>Total current tax</b>	<u>-</u>	<u>28,101</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	9,668	(3,487)
Adjustments in respect of prior periods	-	175
<b>Total deferred tax</b>	<u>9,668</u>	<u>(3,312)</u>
<b>Taxation on profit on ordinary activities</b>	<u>9,668</u>	<u>24,789</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19.00% (2018 - 19.16%). The differences are explained below:

	2019 £	2018 £
<b>Profit on ordinary activities before tax</b>	<u>28,435</u>	<u>110,595</u>
<b>Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018 - 19.16%)</b>	5,403	21,192
<b>Effects of:</b>		
Expenses not deductible for tax purposes	351	334
Depreciation on non-qualifying fixed assets	67	58
Differences due to deferred tax rate being lower than standard corporation tax rate	(1,137)	443
Adjustments in respect of prior periods	-	2,762
Group relief	4,984	-
<b>Total tax charge for the year</b>	<u>9,668</u>	<u>24,789</u>

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**CAVENDISH SHIPS STORES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2019**

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**10. Taxation (continued)**

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**11. Tangible fixed assets**

	S/Term Leasehold Property £	Plant & machinery £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 February 2018	84,554	324,790	104,518	513,862
Additions	4,204	85,747	45,168	135,119
Disposals	-	(52,596)	(41,299)	(93,895)
At 31 January 2019	88,758	357,941	108,387	555,086
<b>Depreciation</b>				
At 1 February 2018	81,571	310,933	63,125	455,629
Charge for the year on owned assets	2,964	18,120	26,477	47,561
Disposals	-	(52,590)	(30,114)	(82,704)
At 31 January 2019	84,535	276,463	59,488	420,486
<b>Net book value</b>				
At 31 January 2019	4,223	81,478	48,899	134,600
At 31 January 2018	2,983	13,857	41,393	58,233

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**CAVENDISH SHIPS STORES LIMITED**

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**12. Stocks**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Finished goods and goods for resale	<b>1,016,880</b>	<b>1,170,570</b>

Stock recognised in cost of sales during the year as an expense was £23,076,360 (2018: £24,026,730).

A provision of £12,577 (2018 - £21,525) was recognised during the year due to slow-moving and obsolete stock.

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**CAVENDISH SHIPS STORES LIMITED**

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FOR THE YEAR ENDED 31 JANUARY 2019**

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**13. Debtors**

	2019 £	2018 £
Trade debtors	3,695,828	4,198,077
Other debtors	2,860,166	1,390,540
Prepayments and accrued income	197,434	146,725
Deferred taxation	-	6,856
	<u>6,753,428</u>	<u>5,742,198</u>

**14. Cash and cash equivalents**

	2019 £	2018 £
Cash at bank and in hand	84,009	29,428
Less: bank overdrafts	(2,617,428)	(2,501,899)
	<u>(2,533,419)</u>	<u>(2,472,471)</u>

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

	2019 £	2018 £
Bank overdrafts	2,617,428	2,501,899
Trade creditors	2,168,313	2,750,299
Amounts owed to group undertakings	1,554,324	-
Corporation tax	(204)	25,310
Other taxation and social security	15,385	13,827
Other creditors	2,276	1,447
Accruals and deferred income	176,058	273,889
	<u>6,533,580</u>	<u>5,566,671</u>

The invoice discounting facility is secured upon the trade debtors. There are also intercompany guarantees from The Burden Group Limited in respect to the invoice discounting facility.



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**CAVENDISH SHIPS STORES LIMITED**

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FOR THE YEAR ENDED 31 JANUARY 2019**

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**16. Deferred taxation**

	2019 £
At beginning of year	6,856
Charged to the profit or loss	(9,668)
At end of year	<u>(2,812)</u>

The deferred taxation balance is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(3,199)	6,610
Other timing differences	387	246
	<u>(2,812)</u>	<u>6,856</u>

**17. Share capital**

	2019 £	2018 £
Allotted, called up and fully paid		
650,000 (2018 - 650,000) Ordinary shares of 1.00 each	<u>650,000</u>	<u>650,000</u>

**18. Contingent liabilities**

Included within other debtors is an amount of £2.7m that was withheld by HMRC in relation to an ongoing HMRC investigation into a potential carousel fraud. Further detail regarding the debtor is available in note 3.

Having taking appropriate legal advice the company strongly believes that the tribunal will conclude that the company has not been party to any wrongdoing, and therefore haven't provided for any penalties, costs or legal fees that may be payable should the case go against them.

The Company is also party to a cross guarantee given in respect of the commercial finance facilities accorded to the group. As at 31 January 2019 amounts of £2,617,428 (2018 - £2,501,899) were outstanding under these arrangements, which are included within these financial statements.

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**CAVENDISH SHIPS STORES LIMITED**

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FOR THE YEAR ENDED 31 JANUARY 2019**

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**19. Pension commitments**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions totalling £2,276 (2018 - £1,447) were payable to the scheme at the balance sheet date.

**20. Commitments under operating leases**

At 31 January 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
<b>Land and buildings</b>		
Not later than 1 year	2,076	124,550
Later than 1 year and not later than 5 years	-	2,076
	<u>2,076</u>	<u>126,626</u>
	2019 £	2018 £
<b>Plant and machinery</b>		
Not later than 1 year	78,300	77,032
Later than 1 year and not later than 5 years	77,281	132,939
	<u>155,581</u>	<u>209,971</u>

**21. Related party transactions**

Included within trade creditors are amounts owed to the following directors:

J Davey - £NIL (2018 - £4,232). The highest balance outstanding in the year: £NIL (2018 - £4,232);

Cavendish Ships Stores Limited has taken advantage of the exemption, under FRS 102 paragraph 33.1A, from disclosing transactions with other wholly owned group undertakings.

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**CAVENDISH SHIPS STORES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**22. Ultimate parent undertaking and controlling entity**

The immediate parent undertaking is The Burden Group Limited which owns 100% of the issued share capital of the company. The parent company of the Burden Group is Burden Group Holdings Limited which owns the entire share capital of The Burden Group Limited. The ultimate controlling party is considered to be Patrick Murphy.

The company is consolidated into the financial statements of Burden Group Holdings Limited (registered number 06804025) for the year ended 31 January 2019.

Copies of the consolidated financial statements are available from:

40 West Market Building,  
London Central Markets Smithfield,  
EC1A 9PS