

Registered number: 01433354

## CAVENDISH SHIPS STORES LIMITED

### ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2020



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**CAVENDISH SHIPS STORES LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	J Davey M Ishfaq J Griffin
<b>Company secretary</b>	M Ishfaq
<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 2020

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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

The business is on track to grow in the line with the sector and we increased revenues to £29.3m as well as improving margins almost 2 percentage points to 8.7%.

Pre-tax profits before exceptional items increased in line with the longer-term plans for the business. Before adjusting for exceptional items, the pre-tax profits were £403,000.

Despite the current uncertainty of when cruise ships will resume, we maintain our positive longer-term outlook for the sector. The Group is still committed to supporting the business given our expectations of when the cruise sector will resume.

#### 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

	2020	2019
Gross margin percentage	8.7%	6.8%
Normalised operating profit percentage*	1.3%	0.1%
Stock days	21.6	16.1
Debtor days	54.1	51.5
Creditor days	50.04	34.2

\*Operating profit adding back exceptional items

#### Future developments

As a result of COVID-19 and the disruption to the cruise industry the company has taken steps to cut its overheads. A number of employees have been furloughed and arrangements have been made to extended credit terms with suppliers. The company is currently forecasting a phased restarting of the cruise industry from September 2021 onwards although it is hoped that trade will be able to resume before this date.

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**CAVENDISH SHIPS STORES LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 JANUARY 2020**

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



.....  
**M Ishfaq**  
Director

Date: 28/01/21

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## CAVENDISH SHIPS STORES LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2020

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The directors present their report and the financial statements for the year ended 31 January 2020.

#### 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 loss for the year, after taxation, amounted to £3,436,271 (2019 - profit £18,767).

The directors do not recommend a payment of a final dividend for the year ended 31 January 2020 (2019 - £nil).

#### Directors

The directors who served during the year were:

A Price (appointed 1 April 2019, resigned 14 January 2020)  
T Hussey (resigned 19 December 2020)  
S Burden (resigned 13 January 2021)  
J Davey  
D Kennedy-Sloane (resigned 14 January 2020)  
P Barbour (appointed 1 April 2019, resigned 20 October 2020)  
M Ishfaq (appointed 14 January 2020)  
D Doyle (appointed 14 January 2020, resigned 19 December 2020)

#### Going concern

The Cruise sector has been significantly disrupted by the Covid-19 pandemic. Cavendish Ships Stores has been supported by the Group through these difficult times and this support will continue through the next 12 months during which time we have reasonable expectation for the Cruise industry to begin to resume operations.

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## CAVENDISH SHIPS STORES LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2020

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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 parent company - Burden Group Holdings Limited.

#### Engagement with employees

Directors receive monthly updates on various staff metrics. The Directors are committed to a healthy workforce with focus on mental health and wellbeing, developing a culture of inclusion, ensuring training and development opportunities and providing and keeping staff informed of key issues through our communications network. We look to attract and retain staff via our recruitment and development strategies.

#### Matters covered in the strategic report

Information required to be shown in the Directors' Report, which includes the Business Review, Principal Risks and Uncertainties and Future Developments are shown in the Strategic Report in accordance with S414c (ii) of the Companies Act 2006.

#### 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

Cavendish's appeal against HMRC's denial of VAT input tax in the sum of £2,662,334.52 in respect of 200 transactions in periods September 2015 to April 2016 has been unsuccessful. As a result, the total amount was 'written off' during the year. There was no cash impact of this adjustment.

On 22 January 2021 HMRC notified the company of a penalty of £1,024,999 in relation to the above case. This is considered to be an adjusting post balance sheet event and therefore has been accrued in these financial statements.

Covid-19 has temporarily halted almost all cruise operations. The Group maintains its positive longer term plans for the business and is committed to supporting the business going forward.

#### Auditor

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

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**CAVENDISH SHIPS STORES LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 JANUARY 2020**

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



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**M Ishfaq**  
Director

Date: 28/01/21



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## CAVENDISH SHIPS STORES LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS, AS A BODY, 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 2020, 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 2020 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 MEMBERS, AS A BODY, 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 MEMBERS, AS A BODY, 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 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.

*Crowe U.K. LLP*

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: 28/01/21

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**CAVENDISH SHIPS STORES LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 JANUARY 2020**

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	Note	2020 £	2019 £
Turnover	4	29,372,148	25,340,031
Cost of sales		<u>(26,811,586)</u>	<u>(23,623,886)</u>
<b>GROSS PROFIT</b>		<b>2,560,562</b>	<b>1,716,145</b>
Distribution costs		(755,138)	(304,045)
Administrative expenses		(1,401,427)	(1,379,715)
Exceptional administrative expenses	11	(3,897,805)	-
Other operating income	5	<u>-</u>	<u>2,257</u>
<b>OPERATING (LOSS)/PROFIT</b>	5	<b>(3,493,808)</b>	<b>34,642</b>
Interest receivable and similar income	8	1,014	643
Interest payable and expenses	9	<u>(1,595)</u>	<u>(6,850)</u>
<b>(LOSS)/PROFIT BEFORE TAX</b>		<b>(3,494,389)</b>	<b>28,435</b>
Tax on (loss)/profit	10	<u>58,118</u>	<u>(9,668)</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<b><u>(3,436,271)</u></b>	<b><u>18,767</u></b>

There was no other comprehensive income for 2020 (2019:£NIL).


The notes on pages 12 to 24 form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 31 JANUARY 2020**

	Note	2020 £	2019 £
<b>FIXED ASSETS</b>			
Tangible assets	12	1,056,953	134,600
		<u>1,056,953</u>	<u>134,600</u>
<b>CURRENT ASSETS</b>			
Stocks	13	1,580,891	1,016,880
Debtors: amounts falling due within one year	14	7,055,123	6,753,428
Cash at bank and in hand	15	24,970	84,009
		<u>8,660,984</u>	<u>7,854,317</u>
Creditors: amounts falling due within one year	16	(11,701,683)	(6,533,580)
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(3,040,699)</u>	<u>1,320,737</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(1,983,746)</u>	<u>1,455,337</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred tax	17	-	(2,812)
		<u>-</u>	<u>(2,812)</u>
<b>NET (LIABILITIES)/ASSETS</b>		<u><u>(1,983,746)</u></u>	<u><u>1,452,525</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	650,000	650,000
Profit and loss account		(2,633,746)	802,525
		<u><u>(1,983,746)</u></u>	<u><u>1,452,525</u></u>

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

  
 .....  
**M Ishfaq**  
 Director

Date: 28/01/21

The notes on pages 12 to 24 form part of these financial statements.

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**CAVENDISH SHIPS STORES LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JANUARY 2020**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 February 2019	650,000	802,525	1,452,525
Loss for the year	-	(3,436,271)	(3,436,271)
<b>AT 31 JANUARY 2020</b>	<b>650,000</b>	<b>(2,633,746)</b>	<b>(1,983,746)</b>

The notes on pages 12 to 24 form part of these financial statements.

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

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 February 2018	650,000	783,758	1,433,758
Profit for the year	-	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 12 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 2020

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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.

The principal place of business is:

2 Kites Croft,  
Warsash Road,  
Fareham, Hampshire, PO14 4LW.

#### 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 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 Caneda Foods Holdco Limited as at 31 January 2020 and these financial statements may be obtained from Companies House.

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## CAVENDISH SHIPS STORES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2020

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#### 2. Accounting policies (continued)

##### 2.3 Going concern

The Cruise sector has been significantly disrupted by the Covid-19 pandemic. Cavendish Ships Stores has been supported by the Group through these difficult times and this support will continue through the next 12 months during which time we have reasonable expectation for the Cruise industry to begin to resume operations.

##### 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 profit or loss 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.

##### 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.



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## CAVENDISH SHIPS STORES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2020

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## 2. Accounting policies (continued)

### 2.8 Pensions

#### Defined contribution pension plan

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

The contributions are recognised as an expense in 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.

### 2.9 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.

### 2.10 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

### 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.

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## CAVENDISH SHIPS STORES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2020

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#### 2. Accounting policies (continued)

##### 2.11 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 profit or loss.

##### 2.12 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.

##### 2.13 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. 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.

##### 2.15 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.

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## CAVENDISH SHIPS STORES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2020

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#### 2. Accounting policies (continued)

##### 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 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 in the prior year is an amount in relation to amounts due to the Rural Payments Agency. These amounts were written off in the current period as management deemed that they were no longer payable.

#### 4. Turnover

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	25,400,787	22,102,510
Rest of Europe	3,908,022	3,047,934
Rest of the world	63,339	189,587
	<u>29,372,148</u>	<u>25,340,031</u>

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**CAVENDISH SHIPS STORES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2020**

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**5. Operating (loss)/profit**

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

	2020	2019
	£	£
Depreciation of tangible fixed assets	97,223	47,561
Exchange differences	143	24
Other operating lease rentals	447,330	209,367
Other income	-	(2,257)
	<u>          </u>	<u>          </u>

**6. Auditor's remuneration**

	2020	2019
	£	£
<b>Fees payable to the Company's auditor in respect of:</b>		
The audit of the company's financial statements	<u>10,610</u>	<u>10,300</u>
 Tax compliance	 <u>2,940</u>	 <u>2,850</u>

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**CAVENDISH SHIPS STORES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2020**

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**7. Employees**

Staff costs were as follows:

	2020 £	2019 £
Wages and salaries	752,340	732,279
Social security costs	66,002	64,633
Cost of defined contribution scheme	23,453	17,652
	<u>841,795</u>	<u>814,564</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:

	2020 No.	2019 No.
Office and management	9	9
Sales and distribution	26	25
	<u>35</u>	<u>34</u>

**8. Interest receivable**

	2020 £	2019 £
Other interest receivable	1,014	643
	<u>1,014</u>	<u>643</u>

**9. Interest payable and similar expenses**

	2020 £	2019 £
Other loan interest payable	1,595	6,850
	<u>1,595</u>	<u>6,850</u>

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**CAVENDISH SHIPS STORES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2020**

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**10. Taxation**

	2020 £	2019 £
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	(58,229)	9,668
Adjustments in respect of prior periods	111	-
<b>Total deferred tax</b>	(58,118)	9,668
<b>Taxation on (loss)/profit on ordinary activities</b>	(58,118)	9,668

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%). The differences are explained below:

	2020 £	2019 £
(Loss)/profit on ordinary activities before tax	(3,494,389)	28,435
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%)	(663,933)	5,403
<b>Effects of:</b>		
Expenses not deductible for tax purposes	222,266	351
Depreciation on non-qualifying fixed assets	602	67
Adjustments to tax charge in respect of prior periods	111	-
Differences due to deferred tax rate being lower than standard corporation tax rate	6,851	(1,137)
Group relief	375,985	4,984
<b>Total tax charge for the year</b>	(58,118)	9,668

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

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CAVENDISH SHIPS STORES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2020

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11. Exceptional items

	2020 £	2019 £
Irrecoverable VAT	2,643,405	-
VAT late payment interest	117,472	-
Fareham cut over costs	111,929	-
HMRC penalties	1,024,999	-
	<u>          </u>	<u>          </u>

**HMRC write off**

Included within debtors last year were historical amounts of £2.6m of VAT withheld by HMRC in respect of an investigation into a potential carousel fraud involving a supplier.

The company strongly denied any wrongdoing and appealed the case. On 3 June 2020 a tribunal ruled against the company. As a result the debtor is no longer considered recoverable and has been written off. Late payment interest of £117,472 was applied in respect of this.

On 22 January 2021 HMRC notified the company of a penalty of £1,024,999 in relation to the above case. This is considered to be an adjusting post balance sheet event and therefore has been accrued in these financial statements.

**Fareham cut over costs**

In February 2019 Cavendish moved their business to new premises, but continued to incur costs for the upkeep of their old premises until August 2019.

The exceptional items represent the upkeep costs on the old premises between February and August 2019.

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**CAVENDISH SHIPS STORES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2020**

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**12. Tangible fixed assets**

	Short Term Leasehold Property £	Plant & machinery £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 February 2019	88,758	357,941	108,387	555,086
Additions	81,883	846,924	90,769	1,019,576
Disposals	-	-	(63,023)	(63,023)
At 31 January 2020	170,641	1,204,865	136,133	1,511,639
<b>Depreciation</b>				
At 1 February 2019	84,535	276,463	59,488	420,486
Charge for the year on owned assets	4,377	62,063	30,783	97,223
Disposals	-	-	(63,023)	(63,023)
At 31 January 2020	88,912	338,526	27,248	454,686
<b>Net book value</b>				
At 31 January 2020	81,729	866,339	108,885	1,056,953
At 31 January 2019	4,223	81,478	48,899	134,600

**13. Stocks**

	2020 £	2019 £
Finished goods and goods for resale	1,580,891	1,016,880

A provision of £15,365 (2019 - £12,577) was recognised during the year due to slow-moving and obsolete stock.



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**CAVENDISH SHIPS STORES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2020**

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**14. Debtors**

	2020 £	2019 £
Trade debtors	4,354,459	3,695,828
Amounts owed by group undertakings	2,258,452	-
Other debtors	64,689	2,860,166
Prepayments and accrued income	322,217	197,434
Deferred taxation	55,306	-
	<u>7,055,123</u>	<u>6,753,428</u>

**15. Cash and cash equivalents**

	2020 £	2019 £
Cash at bank and in hand	24,970	84,009
Less: bank overdrafts	-	(2,617,428)
	<u>24,970</u>	<u>(2,533,419)</u>

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

	2020 £	2019 £
Bank overdrafts	-	2,617,428
Trade creditors	3,676,237	2,168,313
Amounts owed to group undertakings	6,532,015	1,554,324
Corporation tax	-	(204)
Other taxation and social security	14,389	15,385
Other creditors	1,028,237	2,276
Accruals and deferred income	450,805	176,058
	<u>11,701,683</u>	<u>6,533,580</u>

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**CAVENDISH SHIPS STORES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2020**

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**17. Deferred taxation**

	2020 £
At beginning of year	(2,812)
Charged to the profit or loss	58,118
<b>At end of year</b>	<b>55,306</b>

The deferred taxation balance is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(142,609)	(3,199)
Losses and deductions	197,547	-
Other timing differences	368	387
	<b>55,306</b>	<b>(2,812)</b>

**18. Share capital**

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
650,000 (2019 - 650,000) Ordinary shares of £1.00 each	<b>650,000</b>	<b>650,000</b>

**19. Contingent liabilities**

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 2020 amounts of £7,023,847 (2019 - £2,617,428) were outstanding under these arrangements.

The commercial finance facility is held by V C Bidco Limited, the parent company, and therefore, the portion relating to this company is included within intercompany creditors at the year end. In the prior year the facility was held directly by Cavendish Ships Stores Limited.

**20. 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 £3,238 (2019 - £2,276) were payable to the scheme at the balance sheet date.

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## CAVENDISH SHIPS STORES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2020

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#### 21. Commitments under operating leases

At 31 January 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
<b>Land and buildings</b>		
Not later than 1 year	298,496	2,076
Later than 1 year and not later than 5 years	1,177,982	-
Later than 5 years	2,650,460	-
	<u>4,126,938</u>	<u>2,076</u>
	2020 £	2019 £
<b>Plant and machinery</b>		
Not later than 1 year	41,100	78,300
Later than 1 year and not later than 5 years	39,811	77,281
	<u>80,911</u>	<u>155,581</u>

#### 22. Related party transactions

Included within trade creditors are amounts owed to J Davey (a director) of £1,420 (2019: £Nil).

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.

#### 23. 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 Limited is Burden Group Holdings Limited which owns the entire share capital of The Burden Group Limited. Burden Group Holdings Limited is a 100% subsidiary of VC Capital Limited. The ultimate controlling party is considered to be Patrick Murphy.

At the year end the company is consolidated into the accounts of Burden Group Holdings Limited. Copies of these accounts are available from Companies House.