

Negociants UK Limited

Registration number: 2526511

Annual Report and Financial Statements For the Year Ended 30th June 2019

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Negociants UK Limited

Registration number: 2526511

Private and Confidential

Annual Financial Report For the Year Ended 30th June 2019

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Company Information

Directors:

R W Hill-Smith
N B Waterman

Company Secretary:

K S Martin

Registered office:

20 Farringdon Street
London
EC4A 4AB
United Kingdom

Auditors:

Haines Watts High Wycombe Limited
Sterling House 5 Buckingham Place
Bellfield Road West
High Wycombe, Bucks, HP13 5HQ

Strategic Report for the Year Ended 30 June 2019

The Directors present their strategic report for the year ended 30 June 2019.

Principal Activities

The principal activity of the company is that of an Australian and New Zealand wine wholesaler.

Fair review of the business

Political and economic turbulence has again defined the past year and has contributed to an uncertain trading environment. Modest GDP growth was experienced in each of the 3 quarters from July 2018 - March 2019 but this reversed in the April-June quarter where it shrank by 0.2%. The Services Index was particularly flat and a fair reflection of the sentiment in the liquor retail and tourism sectors, especially outside London metro.

The Australian wine category proved challenging in the 12 months to June with imports into the UK down 3% in value and 4% volume. This was also reflected in retail sales with IRI showing depletions down across all price bands below £8 which represents 95% of all Australian retail sales.

The transition of Negotiants UK brands to Fells was the primary focus of the business in the reporting period as was the sales clearance of stocks and brands that were not included as part of the transition. The European markets (including the UK) continued under the management of Negotiants International.

	Unit	2019	2018
Turnover	£000	1,463	22,905
Operating profit	£000	34	541
Shareholders' funds	£000	399	8,299
Gross margin	%	4%	6%

Strategic Report for the Year Ended 30 June 2019 (continued)

Statement of compliance

These financial statements were prepared in accordance with applicable United Kingdom accounting standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and with the Companies Act 2006.

Principal risks and uncertainties

The principal risks and uncertainties facing the company are broadly volume uncertainty attributable to continuing margin pressures in the current economic climate. Further consolidation in the marketplace and the demise of high street specialist chains potentially weakens our position further.

Sourcing of products from Australia and New Zealand results in underlying risks of currency movements impacting product prices.

Liquidity risk


The company maintains a strong cash balance with no external funding ensuring liquidity risk is managed.

Credit risk


The principal credit risk lies with trade debtors. In order to manage credit risk, tight credit limits are maintained and active management of outstanding balances is performed with regular review by senior management.

Approved by the Board and signed on its behalf by:

Director:


R W Hill-Smith

Director:


N B Waterman

Date: 12/02/2020

Directors' Report

The Directors present their report and the financial statements for the year ended 30 June 2019.

Directors of the company

The Directors who held office during the financial year were as follows:

R W Hill Smith
N B Waterman

Dividends

In respect of the current year, a dividend of £8,000,000 (£320 per share) was paid on 28 June 2019 as an in specie distribution to the loan receivable from the shareholder (2018 - £nil).

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Future developments

There are no other matters or circumstances that have arisen since the end of the year that has significantly affected or may significantly affect the entity's operations.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Disclosure requirements


In accordance with the Companies Act 2006, section 414C(11), the company's Strategic Report contains certain disclosures required in the Directors' Report.

Appointment of auditors


Following resignation of its previous auditor, Ernst & Young LLP, Haines Watts High Wycombe Limited was appointed as auditor to Negotiants UK Limited on 22 August 2019.

Approved by the Board on 12 February 2020 and signed on its behalf by:

Director:


R W Hill-Smith

Director:


N B Waterman

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 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.

NEGOCIANTS UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NEGOCIANTS UK LIMITED

Opinion

We have audited the financial statements of Negotiants UK Limited (the 'company') for the year ended 30 June 2019 which comprise the profit and loss account, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial 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.

NEGOCIANTS UK LIMITED

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

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 and the directors' report.

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

- adequate accounting records have not been kept, 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, 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

NEGOCIANTS UK LIMITED

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

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.

Kapil Davda (Senior Statutory Auditor)
for and on behalf of Haines Watts

12/02/2020

Chartered Accountants
Statutory Auditor

Sterling House
5 Buckingham Place
Bellfield Road West
High Wycombe
Buckinghamshire
HP13 5HQ

Profit and Loss Account

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 £000	2018 £000
Turnover	3	1,463	22,905
Cost of sales		(1,403)	(21,538)
Gross Profit		60	1,367
Administrative expenses		(26)	(826)
Operating Profit	4	34	541
Other interest receivable and similar income	8	84	57
Profit before tax		118	598
Taxation	9	(18)	(119)
Profit for the financial year		100	479

The above results were derived from continuing operations.


The company has no other comprehensive income for the year other than the results above.

Balance Sheet

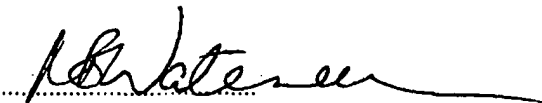
AS AT 30 JUNE 2019

	Note	2019 £000	2018 £000
Fixed Assets			
Tangible assets	10	-	1
Current assets			
Stocks	11	72	264
Debtors	12	343	12,106
Cash at bank and in hand		185	263
		600	12,633
Creditors: Amounts falling due within one year	13	(201)	(4,335)
Net current assets		399	8,298
Net assets		399	8,299
Capital and reserves			
Called up share capital	14	25	25
Profit and loss account	15	374	8,274
Total equity		399	8,299

The financial statements were approved and authorised for issue by the Board on 12 February 2020 and signed on its behalf by:



R W Hill-Smith
Director



N B Waterman
Director

The notes on pages 12 to 23 form an integral part of these financial statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2019

	Share capital £000	Profit and loss account £000	Total £000
At 1 July 2018	25	8,274	8,299
Profit for the year	-	100	100
Dividend Paid	-	(8,000)	(8,000)
At 30 June 2019	25	374	399

	Share capital £000	Profit and loss account £000	Total £000
At 1 July 2017	25	7,795	7,820
Profit for the year	-	479	479
At 30 June 2018	25	8,274	8,299

The notes on pages 12 to 23 form an integral part of these financial statements.

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2,019 £000	2018 £000
Cash flows from operating activities			
Profit for the year		100	479
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	1	1
Finance income	8	(84)	(57)
Corporation tax expense	9	18	119
		35	542
Working capital adjustments			
(Increase) / Decrease in stocks	11	192	1,744
(Increase) / Decrease in debtors	12	11,732	(1,714)
Decrease in creditors	13	(3,850)	(825)
Decrease in provisions		(11)	(15)
Cash generated from operations		8,098	(268)
Corporation tax paid		(260)	(135)
Net cash inflow / (outflow) from operating activities		7,838	(403)
Cash flows from investing activities			
Interest received	8	84	57
Acquisitions of tangible assets		-	-
Proceeds from sale of tangible assets		-	5
Net cash flow from investing activities		84	62
Cash flows from financing activities			
Dividends paid		(8,000)	-
Net cash flow from financing activities		(8,000)	-
Net increase in cash held		(78)	(341)
Cash and cash equivalents at 1 July 2018		263	604
Cash and cash equivalents at 30 June 2019		185	263

The notes on pages 12 to 23 form an integral part of these financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

1 GENERAL INFORMATION

The company is a private company limited by share capital incorporated in England and Wales.

The address of its registered office is:
20 Farringdon Street
London
EC4A 4AB
United Kingdom

2 ACCOUNTING POLICIES

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements were prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards, including FRS 102, and with the Companies Act 2006.

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The financial statements are presented in pound sterling and rounded to thousands. The company's functional and presentation currency is the pound sterling.

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

2 ACCOUNTING POLICIES (continued)

Critical accounting judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Revenue recognition

Turnover represents amounts receivable and representation allowances received from various wines sold and the sale of wine, net of VAT. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

Foreign currency transactions and balances

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Employee benefits

Pension

The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year to employees' own individual pension plans. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Tax

Current tax, including UK Corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

2 ACCOUNTING POLICIES (continued)

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured on a non-discounted basis.

A net deferred tax asset is regarded as recoverable, and therefore recognised, only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Tangible assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and Equipment	5% - 33.3% per annum

Impairment of assets

At each reporting date non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

2 ACCOUNTING POLICIES (continued)

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Provisions

The provision for annual leave represents the amount which the company has a present obligation to pay resulting from employees' services provided up to balance sheet date. The provision has been calculated based on wage and salary rates that the company expects to pay when the liability is settled and includes related on-costs.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2019

	2019 £000	2018 £000
3 Revenue		
The analysis of the company's revenue for the year from continuing operations is as follows:		
Sale of goods	1,463	22,905
The analysis of the company's turnover for the year by market is as follows:		
UK	1,306	22,487
Europe	157	418
	1,463	22,905
4 Operating profit		
Arrived at after charging/(crediting)		
Depreciation expense	1	1
Foreign exchange losses/(gains)	6	36
Operating lease expense - property	-	26
Operating lease expense - plant and machinery	-	74
5 Auditors' remuneration		
Audit of the financial statements	7	17

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2019

	2019 £000	2018 £000
6 Staff costs		
The aggregate payroll costs (including directors' remuneration) were as follows:		
Wages and salaries	142	994
Social security costs	18	116
Pension costs, defined contribution scheme	8	46
	<u>168</u>	<u>1,156</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

Finance and administration	-	4
Sales and marketing	2	10
Directors	-	3
	<u>2</u>	<u>17</u>

7 Directors' remuneration

The directors' remuneration for the year was as follows:

Remuneration	-	172
Contributions paid to money purchase schemes	-	14
	<u>-</u>	<u>186</u>

During the year the number of directors who were receiving benefits was as follows:

Contribution paid to director's personal pension scheme	-	1
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Directors' emoluments for certain directors have been borne by another group company. These directors are also directors or officers of a number of companies within the Samuel Smith & Sons Pty Ltd group. The directors' services to the company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the company for the current or prior year.

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2019

	2019 £000	2018 £000
8 Other interest receivable and similar income		
Interest receivable from group undertakings	84	57
9 Taxation		
Tax charged in the profit and loss account:		
Current taxation		
UK corporation tax	1	122
UK corporation tax adjustment to prior periods		1
Double taxation relief	-	(6)
	1	118
Foreign tax	-	6
Total current income tax	1	124
Deferred taxation		
Arising from origination and reversal of timing differences	17	(3)
Arising from prior period adjustments	-	(2)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	-	-
Total deferred taxation	17	(5)
Tax expense in the income statement	18	119

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2019

9 Taxation (continued)

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £000	2018 £000
Profit before tax	118	597
Corporation tax at standard rate	22	114
Effect of expense not deductible in determining taxable profit	-	6
Adjustment to tax charge in respect of previous periods - deferred tax	-	(2)
Adjustments to tax charge in respect of previous periods	(4)	1
Adjust closing deferred tax to average rate	-	2
Adjust opening deferred tax to average rate	-	(2)
Total tax charge	18	119

Deferred tax

Deferred tax assets and liabilities at the year end are detailed below, with the net position being a deferred tax asset of £ nil (2018 - £17,000):

	Asset £000	Liability £000
2019		
Accelerated capital allowances	-	-
Unpaid pension contributions	-	-
Bad debt provision	-	-
	-	-

The movement in the deferred tax asset in the year as follows:

	£000
At 1 July 2018	17
Deferred tax credited to profit and loss account	(17)
At 30 June 2019	-

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2019

	£000
10 Tangible assets	
Plant and equipment:	
<i>Cost or valuation</i>	
At 1 July 2018	32
Additions	-
Disposals	(32)
At 30 June 2019	-
Depreciation	
At 1 July 2018	31
Charge for the year	1
Eliminated on disposal	(32)
At 30 June 2019	(0)
Carrying amount	
At 30 June 2019	0
At 30 June 2018	1

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 £000	2018 £000
11 Stocks			
Finished goods and goods for resale		72	264

The cost of stocks recognised as an expense in the year amounted to £1,224,270 (2018 - £20,013,948).

The difference between the carrying value of stock and its replacement cost is not material.

Impairment of stocks

The amount of impairment loss included in profit or loss is £Nil (2018 - £Nil).

12 Debtors

Trade debtors		116	6,332
Amounts owed by related parties	17	227	5,721
Other taxes and social security		-	16
Prepayments		-	21
Deferred tax assets	9	-	16
		343	12,106

Amounts owed by related parties have no fixed date of repayment and are repayable on demand. Interest is levied monthly at 2.25% p.a.

Trade debtors above have been impaired by £Nil (2018 - £64,000).

13 Creditors

Due within one year

Trade creditors	37	88
Amounts due to related parties	-	3,312
Accrued expenses	123	673
Other taxes and social security	16	-
Corporation tax liability	25	262
	201	4,335

Amounts due to related parties are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2019

	2019 Shares	2018 Shares	2019 £000	2018 £000
14 Share capital				
Allotted, called up and fully paid shares				
Ordinary shares of £1 each	25,000	25,000	25	25

15 Reserves

Called up share capital

Called-up share capital represents the nominal value of shares that have been issued.

Retained earnings

The retained earnings reserve includes all current and prior period retained profits and losses.

16 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

Not later than one year

Later than one year and not later than five years

	2019 £000	2018 £000
Not later than one year	-	-
Later than one year and not later than five years	-	-
	-	-

The amount of non-cancellable operating lease payments recognised as an expense during the year was £Nil (2018 - £74,000).

17 Related party transactions

Transactions with directors

There were no transactions with the directors of Samuel Smith & Son Pty Ltd during the year or the preceding year.

Key management personnel

Key management personnel includes the directors only. Details of their compensation are given in note 7.

Transactions with related parties

During the year the company purchased goods in the ordinary course of business from Negotiants International Pty Ltd, a fellow subsidiary undertaking of Samuel Smith & Son Pty Ltd, at a cost of £1,093,791 (2018 - £15,028,487). At the end of the year, the balance outstanding in respect of these purchases was £nil (2018 - £3,050,607). Additionally, the company was owed £227,426 (2018 - £5,720,646) in respect of a loan.

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2019

	2019 £000	2018 £000
18 Financial instruments		
Categorisation of financial instruments		
Financial assets measured at fair value through profit or loss	-	-
Financial assets that are debt instruments measured at amortised cost	343	12,338
Financial assets that are equity instruments measured at cost less impairment	-	-
	<u>343</u>	<u>12,338</u>
Financial liabilities measured at fair value through profit or loss	-	-
Financial liabilities measured at fair value through profit or loss that are not held as part of a trading portfolio and are not derivatives	-	-
Financial liabilities measured at amortised cost	(201)	(4,063)
	<u>(201)</u>	<u>(4,063)</u>

The total interest income for financial assets not measured at fair value through profit or loss is £83,453 (2018 - £57,475). The total interest expense for financial liabilities not measured at fair value through profit or loss is £nil (2018 - £nil).

19 Parent and ultimate parent undertaking

The company's immediate parent is Samuel Smith & Son Pty Ltd, incorporated in South Australia.

The consolidated financial statements of this company are not available to the public. Samuel Smith & Son Pty Ltd is the parent company of the largest and smallest group of which the company is a member and for which group accounts are drawn up.