

Company Registration No. 03349135 (England and Wales)

LIBERTY COMMODITIES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

LIBERTY COMMODITIES LIMITED

COMPANY INFORMATION

Director	Sanjeev Gupta
Secretary	S S Jolly
Company number	03349135
Registered office	No 7 Hertford Street London W1J 7RH
Auditor	HW Fisher Acre House 11-15 William Road London NW1 3ER United Kingdom
Business address	No 7 Hertford Street London W1J 7RH
Bankers	Royal Bank of Scotland 62-63 Threadneedle Street London EC2R 8LA Citi Bank 33 Canada Square Canary Wharf London E14 5LB
Solicitors	Clyde & Co. The St. Botolph Building 138 Houndsditch London EC3A 7AR

LIBERTY COMMODITIES LIMITED

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LIBERTY COMMODITIES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The director presents the strategic report for the year ended 31 March 2020.

Fair review of the business

The company's principal business is the physical trading, supply chain, and logistics management of non-ferrous metals, semi-finished steel, and the raw materials required for steel making. The company is part of a global network of companies based across seven principal hubs (London, Dubai, Singapore, Australia, Hong Kong, Shanghai and France) specializing in timely delivery, financing solutions and shipping services to buyers and sellers in commodities in which it trades.

The ultimate holding company is Liberty Steel Group Holdings Pte Ltd., which is registered in Singapore and is wholly owned by Mr. Sanjeev Gupta.

Financial results:

The results reflected in these financial statements represent the year to 31 March 2020 and the comparative 15 month accounting period to 31 March 2019. The company's statement of comprehensive income shows sales have reduced to \$4.22bn (15 month comparative period 2019: \$5.04bn). Once the difference in reporting periods has been considered the sales results are comparable with approximately 4.8% growth.

The company produced a gross profit for the year of \$87.27m (2019: \$74.06m) and operating profit for the year was \$77.23m (2019: \$64.67m). After deducting tax and interest, the company's result for the period amounted to a profit of \$9.53m (2019: \$11.76m).

No interim dividend was paid during the year and the director does not recommend a final dividend for the period.

The statement of financial position as at 31 March 2020 shows 'total assets less current liabilities' of \$121.16m (2019: \$111.63m).

Principal risks and uncertainties

The directors recognise that within the business there are a number of risks which may affect the performance of the company. These risks are subject to regular review and where appropriate, processes are established to minimize the level of exposure.

Price risk

The price volatility risk of the commodities in which the company trades, caused by global economic as well as traditional supply and demand factors, continues to be the principal risk in the business model.

The current year has seen increased volatility in this area due to the effects of the pandemic, but the type of price risk hedging that the Company undertakes has proven to be robust. Nearly all of the price risk of the non-ferrous metals business is efficiently hedged through the London Metal Exchange. Prices in steel and many raw materials cannot be perfectly hedged and require detailed commercial management of the company's trading book.

Credit Risk and Foreign exchange risk

The company mitigates its counterparty risk using financial and credit insurance products available to it primarily in the London market. The foreign exchange risk is hedged forward using facilities made available to the company by foreign exchange providers.

Global, political and economic conditions

The company has either sales or sourcing arrangements with various countries throughout the world. Whilst the company benefits from the growth opportunities in these countries, it is similarly exposed to the economic, political and business risk associated with such international operations. Throughout its operations the company encounters different legal and regulatory requirements, including those of taxation, exchange control, environmental, operational and competitive matters.

Management monitor such risks and conditions, maintaining insurance cover and amending business procedures as appropriate to attempt to mitigate any exposure whilst remaining in compliance with local and group requirements

LIBERTY COMMODITIES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Market Environment and business development:

Due to the transparent and therefore intensely competitive market environment, the company has sought over recent years to trade in a wider range of products and expand its supply chain management credentials to its client base. The company continues to be reliant on the support of its bankers to continue to provide the working capital requirements needed to sustain the overall growth and planned business development.

Section 172(1) statement

Section 414CZA(1) of the Companies Act 2006 requires the director to explain how he has considered the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 when performing his duty to promote the success of the company. When making decisions, the director ensures that he can act in the way that would most likely promote the company's success to the benefit of its members as a whole, and in doing so has regarded (amongst other matters) the following matters:

(a) The likely consequences of any decision in the long term

During the year there were no significant changes to the product line, business model, and operation of the company as well as the wider group. The company continues to trade in a wide range of products and expand its supply chain management credentials to its client base. Our trading, operations and finance teams have extensive experience in ferrous and non-ferrous markets in different geographical locations. Further, the global presence of the larger group gives the company the benefit of access to various markets across the globe.

(b) The interest of the company's employees

The company has a reliance on the management teams employed. The director recognises the importance of this resource and as such reviews the company's remuneration and recruitment policies on a regular basis, in order to ensure the company continues to retain and attract the best possible management teams.

(c) The need to foster the company's business relationships with suppliers, customers and others

The director seeks to promote strong mutually beneficial relationships with suppliers, customers, the regulators and authorities. Relationships with customers and suppliers are managed regularly with continuous engagement and sharing of information about business achievements, ongoing business activities and development activities with a view to create and nurture long term relationships.

(d) The impact of the company's operations on the community and the environment

The company is committed to understand the interest of these stakeholder groups. The director conducts the company's operations in such a manner as to ensure compliance with environmental laws and regulations. If events occur where actions are necessary to maintain compliance, the company will devote suitable resources to the issue in order to remedy the situation.

(e) The desirability of the company maintaining a reputation of high standards of business conduct

The director strongly believes in quality, consistency and integrity. The relationship with our stakeholders is pristine and based on mutual understanding of business standards and high quality products and services. The company holds regular meetings with its stakeholders and implements immediate responses to their concerns to maintain strong business conduct.

Key performance indicators

(f) The need to act fairly between members of the company

The sole director is also the ultimate beneficial owner (sole member) of the company.

KPIs	Purpose	Mar' 2020	15 month period to Mar' 2019
Turnover	Measure of the Company's success in growing revenue in a process of achieving its objective to improve customer base and global reach.	\$4,224m	\$5,040m
Operating profit	Measure used for the assessment of operating performance as it represents the operating profitability of the company excluding net interest expense.	\$77.23m	\$64.67m

LIBERTY COMMODITIES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Other performance indicators

Non-financial KPIs

With regard to customer relationships, the company places emphasis on regular customer meetings and immediate responses to customer concerns for better customer relations. Although this has proven to be more difficult recently due to the COVID-19 pandemic the Company has continued to meet virtually with customers as needed and maintained this important level of contact.

For employees, the company implements performance and appraisal criteria underlining department goals, performance objectives along with timescale, development and training needs These criteria are reviewed on timely basis.

On behalf of the board

Sanjeev Gupta

Director

24 September 2020

LIBERTY COMMODITIES LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The director presents his report and financial statements for the year ended 31 March 2020.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

Sanjeev Gupta

Results and dividends

The results for the year are set out on page 8. The comparative period presented reflects a 15 month period to 31 March 2019.

The director does not recommend the payment of a dividend.

No preference dividends were paid.

Auditor

The auditor, HW Fisher, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as the director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the director has taken all the necessary steps that he ought to have taken as the director in order to make himself aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

Sanjeev Gupta

Director

24 September 2020

LIBERTY COMMODITIES LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The director is 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. He is 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.

LIBERTY COMMODITIES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LIBERTY COMMODITIES LIMITED

Opinion

We have audited the financial statements of Liberty Commodities Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of comprehensive income, 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 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

Basis for opinion The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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

Other information for a period of at least twelve months from the date when the financial statements are

The director is 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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

LIBERTY COMMODITIES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LIBERTY COMMODITIES 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 director's 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director is 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 director either intends to liquidate the company or to cease operations, or have no

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.

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.

Simon Mott-Cowan (Senior Statutory Auditor)

for and on behalf of HW Fisher

Chartered Accountants

Statutory Auditor

Acre House

11-15 William Road

London

NW1 3ER

United Kingdom

24 September 2020

LIBERTY COMMODITIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

		12 months ended 31 March 2020 \$	15 month ended 31 March 2019 \$
	Notes		
Turnover	3	4,224,006,395	5,039,548,173
Cost of sales		(4,136,739,711)	(4,965,483,793)
		<u>87,266,684</u>	<u>74,064,380</u>
Gross profit			
Administrative expenses		(10,392,632)	(10,677,294)
Other operating income		355,779	1,285,389
		<u>77,229,831</u>	<u>64,672,475</u>
Operating profit	4		
Interest receivable and similar income	7	32,415	194,094
Interest payable and similar expenses	8	(68,430,466)	(52,650,514)
		<u>8,831,780</u>	<u>12,216,055</u>
Profit before taxation			
Taxation	9	702,260	(454,719)
		<u>9,534,040</u>	<u>11,761,336</u>
Profit for the financial year			
Other comprehensive income		-	-
		<u>9,534,040</u>	<u>11,761,336</u>
Total comprehensive income for the year			
		<u><u>9,534,040</u></u>	<u><u>11,761,336</u></u>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

LIBERTY COMMODITIES LIMITED

BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 \$	\$	2019 \$	\$
Fixed assets					
Tangible assets	10	2,002,648		2,398,578	
Current assets					
Stocks	12	23,314,743		6,137,901	
Debtors	13	239,792,552		331,317,402	
Cash at bank and in hand		2,021,841		331,145	
		<u>265,129,136</u>		<u>337,786,448</u>	
Creditors: amounts falling due within one year	14	<u>(145,967,533)</u>		<u>(228,437,637)</u>	
Net current assets		119,161,603		109,348,811	
Total assets less current liabilities		<u>121,164,251</u>		<u>111,747,389</u>	
Creditors: amounts falling due after more than one year	15	-		(117,178)	
Net assets		<u>121,164,251</u>		<u>111,630,211</u>	
Capital and reserves					
Called up share capital	17	108,767,518		68,767,518	
Profit and loss reserves		<u>12,396,733</u>		<u>42,862,693</u>	
Total equity		<u>121,164,251</u>		<u>111,630,211</u>	

The financial statements were approved and signed by the director and authorised for issue on 24 September 2020

Sanjeev Gupta
Director

Company Registration No. 03349135

LIBERTY COMMODITIES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Share capital \$	Profit and loss reserves\$	Total \$
Balance at 1 January 2018		68,767,518	31,101,357	99,868,875
Period ended 31 March 2019:				
Profit and total comprehensive income for the period		-	11,761,336	11,761,336
		<u>68,767,518</u>	<u>42,862,693</u>	<u>111,630,211</u>
Balance at 31 March 2019		68,767,518	42,862,693	111,630,211
Period ended 31 March 2020:				
Profit and total comprehensive income for the period		-	9,534,040	9,534,040
Bonus issue of shares	17	40,000,000	(40,000,000)	-
		<u>108,767,518</u>	<u>12,396,733</u>	<u>121,164,251</u>
Balance at 31 March 2020		108,767,518	12,396,733	121,164,251

LIBERTY COMMODITIES LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 \$	\$	2019 \$	\$
Cash flows from operating activities					
Cash generated from operations	23	145,103,661		146,459,132	
Interest paid		(68,430,466)		(52,650,514)	
Income taxes refunded/(paid)		1,564,163		(3,313,710)	
Net cash inflow from operating activities		78,237,358		90,494,908	
Investing activities					
Purchase of tangible fixed assets		-		(357,753)	
Interest received		32,415		194,094	
Net cash generated from/(used in) investing activities		32,415		(163,659)	
Financing activities					
Repayment of borrowings		(75,496,217)		22,232,619	
Repayment of bank loans		(432,300)		11,985	
Net cash (used in)/generated from financing activities		(75,928,517)		22,244,604	
Net increase in cash and cash equivalents		2,341,256		112,575,853	
Cash and cash equivalents at beginning of year		(391,905)		(112,967,758)	
Cash and cash equivalents at end of year		1,949,351		(391,905)	
Relating to:					
Cash at bank and in hand		2,021,841		331,145	
Bank overdrafts included in creditors payable within one year		(72,490)		(723,050)	

LIBERTY COMMODITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

Liberty Commodities Limited is a private company limited by shares incorporated in England and Wales. The registered office is No 7 Hertford Street, London, W1J 7RH.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in US dollars, which is the functional currency of the company.

The financial statements have been prepared on the historical cost convention, modified to include certain financial instruments at fair value. The accounting policies adopted are set out below.

1.2 Going concern

The director has considered the effect of the Covid-19 outbreak. The director considers that the outbreak is unlikely to cause a significant disruption to the company's business and is confident that the company can continue as a going concern. The company's management has produced projected financial forecasts for the financial years ended 2021 and 2022. Management has assessed the working capital requirements and the director is confident in the company's ability to use its existing facilities and availing itself of new financing facilities for continued business operations. Based on the assessments completed the director has a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future.

1.3 Reporting period

The current reporting period is of 12 months starting from 1 April 2019 to 31 March 2020. The comparative period was of 15 months i.e. from 1 January 2018 to 31 March 2019. Therefore the comparative amounts presented in the financial statements (including the related notes) are not entirely comparable. The reason for this change was to align the period end with the larger group.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods sold in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the risk and rewards of ownership have transferred to the customer in accordance with the International Commercial Terms 2010 (Incoterms 2010) and International Commercial Terms 2020 (Incoterms 2020) issued on 10 September 2019 and effective from 1 January 2020, and represents the invoiced value of the commodities sold net of VAT. Generally, contract terms are on a free on board (FOB), cost and freight (CFR) or cost, freight and insurance (CIF) basis, whereby risk passes when goods are loaded onto ship. Some sales are made on an ex works (EXW) basis, whereby risk passes when goods are released in favour of customer, or on a delivery duty unpaid (DDU) basis, whereby risk passes when goods have reached their destination. However, in some cases of merchanting trades whereby goods are sold on high seas basis, the title gets transferred by way of

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

LIBERTY COMMODITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	15-25% reducing balance
Fixture and fittings	15% reducing balance
Motor Vehicles	25% reducing balance
Artwork/statues	Nil

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Artwork and statues are not depreciated as their high estimated residual values and expected useful lives would lead to an immaterial figure for depreciation.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises purchase costs plus those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

LIBERTY COMMODITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables 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 payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

LIBERTY COMMODITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.10 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised through the profit or loss. Hedge accounting is not used unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

LIBERTY COMMODITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.15 Foreign exchange

Transactions denominated in currencies other than US dollars are recorded at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at the rates of exchange ruling at the balance sheet date. Gains and losses arising on translation are included in the profit and loss account for the year.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

In the process of applying the company's accounting policies which are described in Note 1, the director is of the opinion that there are no critical judgements, apart from those involving estimations that have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Impairment of debtors

The company assesses at the end of each reporting period whether there is any objective evidence that a debtor is impaired. To determine whether there is any objective evidence of impairment, the company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, an appropriate provision is made.

Claims and litigation

Management consults with legal counsel on matters relating to claims and litigation, and with other experts internal or external to the company on issues relating to the ordinary course of business. Management makes a best estimate of the likely cost to the company based on such factors as the likely outcome of the claim and litigation.

Taxation

The company is required to comply with tax laws and regulations which apply to certain larger companies and groups. The company is a member of a group which is of significant size and complexity and as a result the estimation of the company's tax charge is challenging. The resolution of the tax treatment of certain items is dependent on a full assessment of tax at both entity and group level, which is dependent on the timely resolution of issues across the group and resolution with the relevant tax authorities. The company recognises a liability for the anticipated tax charge based on best estimates of available deductions and add-backs. Adjustments to tax liabilities are recognised in subsequent periods upon final resolution of the tax issues.

LIBERTY COMMODITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2020	2019
	\$	\$
Turnover		
Sale of goods	4,224,006,395	5,039,548,173

Other significant revenue

Interest income	32,415	194,094
-----------------	--------	---------

Turnover analysed by geographical market

	2020	2019
	\$	\$
Asia / Middle East	1,559,931,336	2,699,920,734
Europe	2,196,077,996	2,238,369,446
Rest of the World	467,997,063	101,257,993
	4,224,006,395	5,039,548,173

4 Operating profit

	2020	2019
	\$	\$
Operating profit for the period is stated after charging:		
Exchange losses	1,246,943	2,108,831
Depreciation of owned tangible fixed assets	395,930	628,798
Operating lease charges	716,177	914,524

5 Auditor's remuneration

	2020	2019
	\$	\$
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	155,332	156,504
For other services		
Payroll	496	4,991
All other non-audit services	211	12,118
	707	17,109

LIBERTY COMMODITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Sales and administration	13	14

Their aggregate remuneration comprised:

	2020 \$	2019 \$
Wages and salaries	1,057,584	1,110,369
Social security costs	122,703	149,747
Pension costs	19,072	17,741
	<u>1,199,359</u>	<u>1,277,857</u>

7 Interest receivable and similar income

	2020 \$	2019 \$
Interest income		
Other interest income	32,415	194,094

8 Interest payable and similar expenses

	2020 \$	2019 \$
Interest on financial liabilities measured at amortised cost:		
Bank charges and interest on overdraft	2,016,601	14,137,196
Interest on invoice finance arrangements	4,411,014	6,699,892
Other interest on financial liabilities	62,002,851	31,813,426
	<u>68,430,466</u>	<u>52,650,514</u>

In the prior year's financial statements, bank charges that are similar to interest were charged to cost of sales, for amounts of \$12,451,801, and administrative expenses of \$1,259,753. These charges have been reclassified to be included within bank charges and interest on overdrafts and, interest on trade finance, as applicable.

9 Taxation

	2020 \$	2019 \$
Current tax		
UK corporation tax on profits for the current period	(702,260)	454,719

LIBERTY COMMODITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

The actual (credit)/charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 \$	2019 \$
Profit before taxation	8,831,780	12,216,055
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	1,678,038	2,321,050
Tax effect of expenses that are not deductible in determining taxable profit	1,109	20,703
Permanent capital allowances in excess of depreciation	18,406	(350,158)
Depreciation on assets not qualifying for tax allowances	23,422	153,749
Other timing differences	-	414,146
Under/(over) provided in prior years	(2,471,997)	(2,104,771)
Other tax adjustments	48,762	-
Taxation (credit)/charge for the period	(702,260)	454,719

10 Tangible fixed assets

	Plant and machinery \$	Fixture and fittings \$	Motor Vehicles \$	Artwork/statu es \$	Total \$
Cost					
At 1 April 2019	2,484,697	1,737,450	92,884	637,874	4,952,905
At 31 March 2020	2,484,697	1,737,450	92,884	637,874	4,952,905
Depreciation and impairment					
At 1 April 2019	1,614,925	849,514	89,888	-	2,554,327
Depreciation charged in the year	271,909	123,271	750	-	395,930
At 31 March 2020	1,886,834	972,785	90,638	-	2,950,257
Carrying amount					
At 31 March 2020	597,863	764,665	2,246	637,874	2,002,648
At 31 March 2019	869,772	887,936	2,996	637,874	2,398,578

LIBERTY COMMODITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

11 Financial instruments

	2020	2019
	\$	\$
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	1,398,975	-
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Other financial liabilities	2,464,245	12,366,012
	<u> </u>	<u> </u>

12 Stocks

	2020	2019
	\$	\$
Goods for resale	23,314,743	6,137,901
	<u> </u>	<u> </u>

13 Debtors

	2020	2019
	\$	\$
Amounts falling due within one year:		
Trade debtors	180,842,691	275,672,120
Amounts due from related companies	23,933,642	13,735,654
Amounts due from fellow group undertakings	24,804,997	33,059,487
Derivative contract assets	1,398,975	-
Other debtors	1,701,314	4,921,884
Prepayments and accrued income	7,110,933	3,928,257
	<u> </u>	<u> </u>
	239,792,552	331,317,402
	<u> </u>	<u> </u>

14 Creditors: amounts falling due within one year

		2020	2019
	Notes	\$	\$
Loans and overdrafts	16	62,993,110	139,455,009
Trade creditors		44,045,477	35,924,582
Amounts due to fellow group undertakings		20,840,673	14,012,040
Amounts due to related companies		9,319,292	21,782,931
Corporation tax payable		1,769,737	907,834
Derivative contract liabilities		2,464,245	12,366,012
Other creditors		15,301	13,985
Accruals and deferred income		4,519,698	3,975,244
		<u> </u>	<u> </u>
		145,967,533	228,437,637
		<u> </u>	<u> </u>

LIBERTY COMMODITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

15 Creditors: amounts falling due after more than one year

	Notes	2020 \$	2019 \$
Bank loans and overdrafts	16	-	117,178

16 Loans and overdrafts

	2020 \$	2019 \$
Bank loans	132,170	564,470
Bank overdrafts	72,490	723,050
Trust receipts/Bills payable	18,655,230	39,728,665
Other loans	44,133,220	98,556,002
	<u>62,993,110</u>	<u>139,572,187</u>
Payable within one year	62,993,110	139,455,009
Payable after one year	-	117,178

The above loans are secured by way of personal guarantees from the director Mr. Sanjeev Gupta, corporate guarantees by Liberty FE Trade DMCC and Liberty Commodities Group Pte Limited and assigned receivables. The total amount secured is \$62,788,450 (2019: \$133,607,194).

17 Share capital

	2020 \$	2019 \$
Ordinary share capital		
Issued and fully paid		
70,785,394 Ordinary shares of £1 each	100,267,518	60,267,518
	<u>100,267,518</u>	<u>60,267,518</u>
Preference share capital		
Issued and fully paid		
5,702,019 Redeemable Preference shares of £1 each	8,500,000	8,500,000
	<u>8,500,000</u>	<u>8,500,000</u>

The preference shares are redeemable at the discretion of Liberty Commodities Limited.

On 31 March 2020, the company completed a bonus share issue through the capitalisation of its retained earnings. The bonus issue was equivalent to \$40,000,000 and was issued to its existing shareholders in proportion to their existing holding.

LIBERTY COMMODITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

18 Retirement benefit schemes

	2020	2019
Defined contribution schemes	\$	\$
Charge to profit or loss in respect of defined contribution schemes	19,072	17,741

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

19 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	\$	\$
Within one year	588,885	616,792
Between two and five years	1,324,991	2,004,574
	1,913,876	2,621,366

20 Financial commitments, guarantees and contingent liabilities

The company is a guarantor on a number of financial and property contracts entered into by entities in the GFG Alliance. The total amount of the guarantee obligations was \$42,494,986 (2019: \$48,837,915) at the year end.

LIBERTY COMMODITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

21 Related party transactions

Transactions with related parties

At 31 March 2020, the company owed \$20,693,078 (2019: \$12,596,341) to, and was owed \$13,371,553 (2019: \$19,012,196) from group entities which were not in a 100% owned group with the company. During the year, goods totalling \$39,663,226 (2019: \$40,695,188) were purchased from, and goods totalling \$122,131 (2019: \$56,304,462) were sold to these group entities. During the year, payment was made for expenses recharged from a group entity not under 100% control for \$37,212 (2019: \$nil).

At 31 March 2020, the company owed \$2,283,510 (2019: \$13,486,687) to, and was owed \$7,849,280 (2019: \$9,966,958) from companies controlled by S K Gupta. During the year, goods totalling \$nil (2019: \$17,315,185) were purchased from the companies. During the year, sales totalling \$1,826,976 (2019: \$nil) were made to the companies. During the year the company was charged a management fee of \$481,679 (2019: \$193,511) by a company's controlled by S K Gupta and rent of \$605,712 (2019: \$647,745) was paid to a company controlled by S K Gupta. During the year the company was charged a management fee of \$2,606,827 (2019: \$2,158,848) from a company controlled by S K Gupta.

At 31 March 2020, the company was owed \$20,998,457 (2019: \$39,675,121), which is included within trade debtors, from a financial institution which operates under the GFG Alliance umbrella, arising from a receivable purchase facility that was arranged during the prior period, and had outstanding loans of \$5,790,382 (2019: \$6,587,352) owed to that financial institution. During the year the company incurred interest charges of \$4,822,245 (2019: \$12,438,783) with that financial institution.

At 31 March 2020, the company was owed \$16,140,704 (2019: \$946,435) from other entities in the GFG Alliance, which encompasses entities under the control of S K Gupta and of his father P K Gupta. At 31 March 2020, the company owed to other entities in the GFG Alliance amounts of \$1,260,362 (2019: \$nil). During the year, goods totalling \$nil (2019: \$2,963,396) were purchased from, and goods totalling \$33,874,030 (2019: \$63,694,342) were sold to these companies. During the year the company was charged a management fee of \$133,751 (2019: \$64,374) from other entities in the GFG Alliance. During the year, the company charged fees in relation to incurred expenses to other entities in the GFG Alliance for amounts of \$234,526 (2019: \$nil).

S K Gupta has personally guaranteed a portion of the company's loan finance.

LIBERTY COMMODITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

22 Controlling party

The immediate parent company is Liberty Commodities Group Pte Limited, a company incorporated in Singapore. The ultimate holding company is Liberty Steel Group Holdings Pte Limited, a company also incorporated in Singapore.

The largest and the smallest groups in which the results of the company are consolidated are headed by Liberty House Group Pte Limited and Liberty Commodities Group Pte Limited respectively. The accounts are publically available by writing to the Company Secretary at 8 Marina View, #40-06 Asia Square Tower 1, Singapore 018960.

23 Cash generated from operations

	2020 \$	2019 \$
Profit for the year after tax	9,534,040	11,761,336
Adjustments for:		
Taxation (credited)/charged	(702,260)	454,719
Finance costs	68,430,466	52,650,514
Investment income	(32,415)	(194,094)
Depreciation and impairment of tangible fixed assets	395,930	628,798
Movements in working capital:		
(Increase)/decrease in stocks	(17,176,842)	61,892,512
Decrease/(increase) in debtors	91,524,850	(11,372,354)
(Decrease)/increase in creditors	(6,870,108)	30,637,701
Cash generated from operations	145,103,661	146,459,132

24 Analysis of changes in net debt

	1 April 2019 \$	Cash flows \$	31 March 2020
Cash at bank and in hand	331,145	1,690,696	2,021,841
Bank overdrafts	(723,050)	650,560	(72,490)
	(391,905)	2,341,256	1,949,351
Borrowings excluding overdrafts	(138,849,137)	75,928,517	(62,920,620)
	(139,241,042)	78,269,773	(60,971,269)

