

Company Registration No. 02669850 (England and Wales)

**LOUDWATER TRADE AND FINANCE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

LOUDWATER TRADE AND FINANCE LIMITED

COMPANY INFORMATION

Directors	Mr S S Stimler Mr M Stimler
Company number	02669850
Registered office	Honeypot House 56a Crewys Road London NW2 2AD
Auditor	RDP Newmans LLP Lynwood House 373-375 Station Road Harrow, Middlesex HA1 2AW
Business address	Honeypot House 56a Crewys Road London NW2 2AD

LOUDWATER TRADE AND FINANCE LIMITED

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LOUDWATER TRADE AND FINANCE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present the strategic report for the year ended 30 September 2020.

Principal activities

The principal activity of the group continued to be that of international trading in coffee, consumables, edible nuts and fruits.

Section 172(1) statement

Interests of members of the group

The company is a private company and a parent of Loudwater Management Limited and GMH Trading Limited. The group has two directors, both having representation on the Board. The day-to-day operations of the group are managed by the directors who are closely involved in the activities of the group and provide day-to-day support as and when required.

In common with many private companies the interests of the Board and the ultimate shareholders are broadly aligned, in that the group should create value by generating strong and sustainable results.

Board decisions during the year

Dividends of £1,233,736 were voted and paid in the year.

During the year we have aimed to continue our position in the market and have managed to navigate successfully around various obstacles such as the global coronavirus pandemic. Strategic decisions were made and hence resulted in an increase in turnover and an increase in gross profit margins. The group has had an exceptional year. The directors do not expect this growth to continue. Nevertheless, we expect to see results in line with previous years.

No other major board decisions were made during the year.

The interests of employees

We continue to focus on training and supporting our employees in the understanding that a well informed and trained workforce is essential for the group's ongoing success. We hold regular staff meetings, attended by members of the Board. We encourage feedback from our staff and where possible and practical implement suggestions made to improve our procedures and to improve our working environment.

The average number of staff in the group for the year was 25 (2019: 25).

We consider that we offer our employees competitive remuneration packages.

The interests of our customers

We have developed and maintained unique relationships with our customers, and we do this by engaging with our customers, ensuring our prices remain competitive, deliveries maintained to a high standard and implement recommendations made by our customers. The success of this is highlighted by the loyalty shown by our customers over the years.

LOUDWATER TRADE AND FINANCE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The interests of our suppliers

Due to the nature of our activities many of the group's suppliers are based overseas. Regular contact is maintained with suppliers on a daily basis to plan delivery schedules and receive feedback. However due to the geographical spread of our supplier base and restrictions on travel currently due to coronavirus, much of the communication is carried by email or telephone calls. Where possible we meet with our suppliers to inspect crops, plan delivery schedules and receive feedback.

We continue to endeavour to pay all our suppliers promptly and within the terms agreed. Some of our suppliers are also our customers, therefore we have tailored agreements on some of the transactions.

Where disputes arise, we strive to reach outcomes that are satisfactory and fair to both the group and its suppliers.

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

We exclusively procure our goods from suppliers who best meet the quality, price and food safety criteria expected by our buyers. The product is inspected, shipped and delivered to customers' premises or their nominated stores across five continents. We have no agency or other exclusivity agreement and we are completely free to seek out the best source of supply to meet our customers' requirements. Our experience over many years has shaped a depth of knowledge and understanding of origin, its suppliers and business practices as well as of inspection, storage and transit requirements which make us uniquely positioned to effectively meet our customers' needs.

Many of our suppliers have carbon offset programmes. We encourage all our suppliers to take steps to be as energy efficient as possible.

Group members are also members of Synergy Compliance, a Packaging Compliance scheme registered under the Producer Responsibility Obligations (Packaging Waste) Regulations 2007.

The group are also avid charitable supporters and have made donations to UK registered charities in the year totalling £2,393,487.

Maintaining a reputation for high standards of business conduct

We are committed to maintaining a reputation of high standards of business conduct. We have an ethics policy for all employees to follow and review this annually. Each year we consider and approve our modern slavery statement which explains the activities we have taken to demonstrate our commitment to seeking to ensure that there is no slavery, forced labour or human trafficking within any part of our business or supply chains. Our statement can be found on our website at www.loudwateruk.com.

Fair review of the business

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect to improve on these in the foreseeable future.

Turnover has seen an increase of 70.75% during the year. The directors are confident that business will continue to grow for the foreseeable future, albeit not at the same rate. Gross profit margins have improved from 5.01% in 2019 to 5.70% in the year, mainly due to strategic buying and selling by the experienced traders. In addition, the directors have also diversified into other markets. The net profit margin before tax and dividends has increased from 2.60% in 2019 to 4.22% in the year.

The group is in a strong financial position at the balance sheet date with net assets having increased by 39.61% over the course of the financial year. The directors hope to further improve upon this in order to increase group growth and enhance reported results in future years.

LOUDWATER TRADE AND FINANCE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Principal risks and uncertainties

The principal risks and uncertainties facing Loudwater Trade and Finance Limited are:

Financial instruments

The group's principal financial instruments comprise bank loans, overdrafts and trade payables. The main purpose of these financial instruments is to raise finance for the group's operations. The group has various other financial assets such as trade receivables, cash and short-term deposits which arise directly from its operations.

The main risks arising from the group's financial instruments are credit risk, liquidity risk, foreign currency exposure and interest rate risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The group performs ongoing credit evaluations of its customers and to date has not experienced any material losses.

Liquidity risk

Liquidity risk arises in relation to the group's management of working capital and the risk that the group will encounter difficulties in meeting financial obligations as and when they fall due. To minimise this risk, the liquidity position and ongoing working capital requirements are regularly reviewed by the directors.

Foreign currency exposure

The group is subject to foreign exchange risks as it sells to and purchases from various countries. Group management regularly monitors its foreign exchange risk and attempts to limit such risks by managing its cash and credit positions. In addition forward exchange contracts are used to hedge against currency risk.

Interest rate risk

The group is subject to interest rate risks. This is mitigated by continually monitoring the rates available to the group.

Brexit risk

The group trades with entities based in the European Union and the exit therefrom poses a risk for the group. This is mitigated by the loyal customer base with which the group has traded with for a number of years. The group's management are monitoring the situation and will respond as necessary.

Coronavirus pandemic risk

The group is subject to the risk arising from market uncertainty due to the worldwide outbreak of coronavirus in late 2019. On 23 March 2020, the UK Government announced a nationwide lockdown which was gradually lifted in June 2020 only to be followed by a second and third lockdown on 5 November 2020 and 5 January 2021 respectively. Similarly, governments across the world have imposed various restrictions to deal with the pandemic. This can impact the group's chain of supply and deliveries. The group's management monitors the situation and responds to changes as necessary.

LOUDWATER TRADE AND FINANCE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Key performance indicators

The Key Performance Indicators of the group over the last two years are detailed below:

	2020	2019
Turnover (£'000)	358,934	210,208
Gross profit %	5.70	5.02
Net profit % after tax	3.38	2.07
Net assets (£'000)	39,033	27,959

The group has managed to increase turnover by 70.75% due to actively seeking new customers and increasing orders to existing customers, in addition to diversifying into other markets. Despite the difficult trading climate, the group's gross profit has increased. The improved gross profit margins, together with the increase in turnover, have resulted in the improved net profit margin.

On behalf of the board

Mr M Stimler

Director

14 April 2021

LOUDWATER TRADE AND FINANCE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present their annual report and financial statements for the year ended 30 September 2020.

Directors

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

Mr S S Stimler

Mr M Stimler

Results and dividends

The results for the year are set out on page 10.

Ordinary dividends were paid amounting to £1,393,736. The directors do not recommend payment of a further dividend.

Future developments

The group has had an exceptional year. The directors do not expect this growth to continue. Nevertheless, we expect to see results in line with previous years.

Auditor

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

Energy and carbon report

The annual quantity of emissions in tonnes of carbon dioxide equivalent resulting from the purchase of electricity, heat, steam or cooling by the group for its own use during the year ended 30 September 2020 was 48,581 kWh.

We will endeavour to reduce these levels in months and years to come.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

Mr M Stimler

Director

14 April 2021

LOUDWATER TRADE AND FINANCE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors are responsible for preparing the Strategic Report, 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 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 group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LOUDWATER TRADE AND FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LOUDWATER TRADE AND FINANCE LIMITED

Opinion

We have audited the financial statements of Loudwater Trade and Finance Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2020 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company 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 group's and the parent company's affairs as at 30 September 2020 and of the group's 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 group's or the parent 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.

LOUDWATER TRADE AND FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LOUDWATER TRADE AND FINANCE LIMITED

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.

Matters on which we are required to report by exception

In respect solely of the limitation on the work relating to the sub-subsidiary's stock, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine if adequate records for the prior year had been maintained.

In the light of the knowledge and understanding of the group and the parent 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 group's and the parent 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 group or the parent 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.

LOUDWATER TRADE AND FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LOUDWATER TRADE AND FINANCE 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.

Lyndon Perez (Senior Statutory Auditor)
for and on behalf of RDP Newmans LLP

14 April 2021

Chartered Accountants
Statutory Auditor

Lynwood House
373-375 Station Road
Harrow, Middlesex
HA1 2AW

LOUDWATER TRADE AND FINANCE LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	358,933,670	210,207,900
Cost of sales		(338,483,686)	(199,665,220)
Gross profit		<u>20,449,984</u>	<u>10,542,680</u>
Administrative expenses		(4,079,309)	(3,808,446)
Other operating income		46,777	25,211
Operating profit	4	<u>16,417,452</u>	<u>6,759,445</u>
Share of results of associates and joint ventures		17,183	11,005
Other interest receivable and similar income	8	22,508	30,976
Interest payable and similar expenses	9	(946,350)	(1,196,679)
Loss on disposal of investment	10	(32,298)	-
Non-controlling interests		(189,148)	(149,557)
Profit before taxation		<u>15,289,347</u>	<u>5,455,190</u>
Tax on profit	11	(3,011,238)	(1,107,259)
Profit for the financial year and total comprehensive income		<u><u>12,278,109</u></u>	<u><u>4,347,931</u></u>

Profit for the financial year and total comprehensive income are all attributable to the owners of the parent company.

LOUDWATER TRADE AND FINANCE LIMITED

GROUP BALANCE SHEET

AS AT 30 SEPTEMBER 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Goodwill	13		37,592		336,353
Other intangible assets	13		8,086		10,781
			45,678		347,134
Total intangible assets			45,678		347,134
Tangible assets	14		1,088,652		1,099,876
Investments	15		362,160		447,189
			1,496,490		1,894,199
Current assets					
Stocks	19	23,670,679		23,330,938	
Debtors	20	38,122,714		46,049,916	
Cash at bank and in hand		40,717,099		4,237,854	
		102,510,492		73,618,708	
Creditors: amounts falling due within one year	21	(64,699,078)		(47,137,868)	
Net current assets			37,811,414		26,480,840
Total assets less current liabilities			39,307,904		28,375,039
Creditors: amounts falling due after more than one year	22		(264,959)		(407,850)
Provisions for liabilities	24		(10,385)		(8,150)
Net assets			39,032,560		27,959,039
Capital and reserves					
Called up share capital	26		50,000		50,000
Profit and loss reserves			36,606,860		25,562,487
			36,656,860		25,612,487
Equity attributable to owners of the parent company			36,656,860		25,612,487
Non-controlling interests			2,375,700		2,346,552
			39,032,560		27,959,039
			39,032,560		27,959,039

The financial statements were approved by the board of directors and authorised for issue on 14 April 2021 and are signed on its behalf by:

Mr S S Stimler
Director

Mr M Stimler
Director

LOUDWATER TRADE AND FINANCE LIMITED

COMPANY BALANCE SHEET

AS AT 30 SEPTEMBER 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	14		1,055,706		1,073,184
Investments	15		1,235,183		1,337,495
			<u>2,290,889</u>		<u>2,410,679</u>
Current assets					
Stocks	19	7,951,872		8,017,257	
Debtors	20	19,832,595		27,910,896	
Cash at bank and in hand		37,634,945		1,947,399	
		<u>65,419,412</u>		<u>37,875,552</u>	
Creditors: amounts falling due within one year	21	(34,765,952)		(17,782,555)	
Net current assets			<u>30,653,460</u>		<u>20,092,997</u>
Total assets less current liabilities			<u>32,944,349</u>		<u>22,503,676</u>
Creditors: amounts falling due after more than one year	22		(264,959)		(407,850)
Provisions for liabilities	24		(2,449)		(2,439)
Net assets			<u>32,676,941</u>		<u>22,093,387</u>
Capital and reserves					
Called up share capital	26		50,000		50,000
Profit and loss reserves			32,626,941		22,043,387
Total equity			<u>32,676,941</u>		<u>22,093,387</u>

As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income and related notes. The company's profit for the year was £11,817,290 (2019 - £4,015,842).

The financial statements were approved by the board of directors and authorised for issue on 14 April 2021 and are signed on its behalf by:

Mr S S Stimler
Director

Mr M Stimler
Director

Company Registration No. 02669850

LOUDWATER TRADE AND FINANCE LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	Share capital £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
Balance at 1 October 2018		50,000	22,445,857	22,495,857	2,196,995	24,692,852
Year ended 30 September 2019:						
Profit and total comprehensive income for the year		-	4,347,931	4,347,931	-	4,347,931
Dividends	12	-	(1,231,301)	(1,231,301)	-	(1,231,301)
Other movements		-	-	-	149,557	149,557
Balance at 30 September 2019		50,000	25,562,487	25,612,487	2,346,552	27,959,039
Year ended 30 September 2020:						
Profit and total comprehensive income for the year		-	12,278,109	12,278,109	-	12,278,109
Dividends	12	-	(1,233,736)	(1,233,736)	(160,000)	(1,393,736)
Other movements		-	-	-	189,148	189,148
Balance at 30 September 2020		50,000	36,606,860	36,656,860	2,375,700	39,032,560

LOUDWATER TRADE AND FINANCE LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 October 2018		50,000	19,258,846	19,308,846
<hr/>				
Year ended 30 September 2019:				
Profit and total comprehensive income for the year		-	4,015,842	4,015,842
Dividends	12	-	(1,231,301)	(1,231,301)
<hr/>				
Balance at 30 September 2019		50,000	22,043,387	22,093,387
<hr/>				
Year ended 30 September 2020:				
Profit and total comprehensive income for the year		-	11,817,290	11,817,290
Dividends	12	-	(1,233,736)	(1,233,736)
<hr/>				
Balance at 30 September 2020		50,000	32,626,941	32,676,941
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LOUDWATER TRADE AND FINANCE LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	31	41,506,699		2,710,413	
Interest paid		(946,350)		(1,196,679)	
Income taxes paid		(880,011)		(649,237)	
Net cash inflow from operating activities		39,680,338		864,497	
Investing activities					
Purchase of intangible assets		-	(11,500)		
Purchase of tangible fixed assets		(18,001)	(10,310)		
Purchase of associates		-	(80,764)		
Proceeds on disposal of investments		69,914	-		
Interest received		22,508	30,976		
Net cash generated from/(used in) investing activities			74,421		(71,598)
Financing activities					
Repayment of bank loans		(142,290)	(341,640)		
Purchase of derivatives		(272,462)	(25,656)		
Dividends paid to equity shareholders		(1,233,736)	(1,231,301)		
Dividends paid to non-controlling interests		(160,000)	-		
Net cash used in financing activities			(1,808,488)		(1,598,597)
Net increase/(decrease) in cash and cash equivalents			37,946,271		(805,698)
Cash and cash equivalents at beginning of year		(22,844,057)		(22,038,359)	
Cash and cash equivalents at end of year		15,102,214		(22,844,057)	
Relating to:					
Cash at bank and in hand		40,717,099		4,237,854	
Bank overdrafts included in creditors payable within one year		(25,614,885)		(27,081,911)	

LOUDWATER TRADE AND FINANCE LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	32		38,990,667		(474,936)
Interest paid			(255,866)		(271,473)
Income taxes paid			(683,325)		(504,962)
			<u> </u>		<u> </u>
Net cash inflow/(outflow) from operating activities			38,051,476		(1,251,371)
Investing activities					
Purchase of tangible fixed assets		(4,482)		(8,366)	
Proceeds on disposal/(purchase) of subsidiaries		100		(100)	
Proceeds on disposal of investments		69,914		-	
Dividends received		160,000		250,000	
		<u> </u>		<u> </u>	
Net cash generated from investing activities			225,532		241,534
Financing activities					
Repayment of bank loans		(142,290)		(341,640)	
Purchase of derivatives		32,229		17,080	
Dividends paid to equity shareholders		(1,233,736)		(1,231,301)	
		<u> </u>		<u> </u>	
Net cash used in financing activities			(1,343,797)		(1,555,861)
			<u> </u>		<u> </u>
Net increase/(decrease) in cash and cash equivalents			36,933,211		(2,565,698)
Cash and cash equivalents at beginning of year			(6,037,987)		(3,472,289)
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			30,895,224		(6,037,987)
			<u> </u>		<u> </u>
Relating to:					
Cash at bank and in hand			37,634,945		1,947,399
Bank overdrafts included in creditors payable within one year			(6,739,721)		(7,985,386)
			<u> </u>		<u> </u>

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

Company information

Loudwater Trade and Finance Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Honeypot House, 56a Crewys Road, London, NW2 2AD.

The group consists of Loudwater Trade and Finance Limited and all of its subsidiaries.

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 sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated financial statements incorporate those of Loudwater Trade and Finance Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 September 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT. 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 significant risks and rewards of ownership of the goods have passed to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 10 years.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	25% reducing balance
----------	----------------------

1.7 Tangible fixed assets

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold building	over the terms of the leases of 48 years
Plant and machinery	25% reducing balance
Fixtures, fittings and equipment	10 - 25% reducing balance
Office equipment	25% straight line and 33% reducing balance

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 recognised in the profit and loss account.

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

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.

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and 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.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The group 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 classified and accounted for according to the substance of the contractual arrangement, as either financial assets, financial liabilities or forward commitments associated with commodity sales.

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

Financial assets and liabilities are offset and 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.

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.

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

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. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal 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 group 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 group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.13 Equity instruments

Equity instruments issued by the group 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 group.

1.14 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 in profit or loss immediately 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.

1.15 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 group'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 if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.16 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.

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies (Continued)

1.17 Retirement benefits

The group operates a defined contribution scheme for the benefit of some of its employees. The group also contributes to the personal pension arrangements of some employees. Contributions payable are charged to the profit and loss account in the year they are earned.

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.19 Foreign exchange

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction or, where forward foreign currency contracts have been taken out, at contractual rates. Monetary assets and liabilities are retranslated at the rates of exchange ruling at the balance sheet date. Exchange gains and losses are taken to the profit and loss account.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are 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

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Coronavirus pandemic

The directors have assessed the impact of the coronavirus pandemic on the group and are of the opinion that, despite there being a short term impact on the business, this should not materially impact the group in the long term.

3 Turnover and other revenue

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

	2020	2019
	£	£
Turnover analysed by class of business		
Sale of goods	358,933,670	210,207,900
	=====	=====

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

3 Turnover and other revenue

(Continued)

In the opinion of the directors it would be seriously prejudicial to the interest of the company to disclose the particulars of the turnover of the company. Consequently, in accordance with the provisions of the Companies Act 2006, the directors have not disclosed the particulars of turnover.

4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(1,759,409)	(89,881)
Government grants	(37,182)	-
Depreciation of owned tangible fixed assets	28,554	29,025
Loss on disposal of tangible fixed assets	671	-
Amortisation of intangible assets	301,456	299,481
	<u> </u>	<u> </u>

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 group and company	22,000	21,000
Audit of the financial statements of the company's subsidiaries	33,300	28,980
	<u> </u>	<u> </u>
	55,300	49,980
	<u> </u>	<u> </u>
For other services		
Taxation compliance services	4,265	5,109
All other non-audit services	16,000	32,372
	<u> </u>	<u> </u>
	20,265	37,481
	<u> </u>	<u> </u>

6 Employees

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

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Administration staff	14	14	7	6
Sales staff	11	11	6	6
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	25	25	13	12
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

6 Employees

(Continued)

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	1,424,538	1,451,472	454,987	434,742
Social security costs	163,572	162,070	45,422	47,528
Pension costs	68,425	81,606	5,094	5,680
	<u>1,656,535</u>	<u>1,695,148</u>	<u>505,503</u>	<u>487,950</u>

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	13,920	13,920
	<u>13,920</u>	<u>13,920</u>

8 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	21,861	29,730
Other interest income	647	1,246
Total income	<u>22,508</u>	<u>30,976</u>

Disclosed on the profit and loss account as follows:

Other interest receivable and similar income	<u>22,508</u>	<u>30,976</u>
--	---------------	---------------

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>21,861</u>	<u>29,730</u>
--	---------------	---------------

9 Interest payable and similar expenses

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	930,798	1,180,338
Other finance costs:		
Other interest	15,552	16,341
Total finance costs	<u>946,350</u>	<u>1,196,679</u>

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

10 Loss on disposal of investments

	2020 £	2019 £
Loss on disposal of investments held at fair value	(32,298)	-

11 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	3,009,003	1,108,826
Adjustments in respect of prior periods	-	(2,820)
Total current tax	3,009,003	1,106,006
Deferred tax		
Origination and reversal of timing differences	2,235	1,253
Total tax charge	3,011,238	1,107,259

The actual 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	15,289,347	5,455,190
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	2,904,976	1,036,486
Tax effect of expenses that are not deductible in determining taxable profit	864	3,762
Unutilised tax losses carried forward	(3,265)	(2,090)
Adjustments in respect of prior years	-	(2,820)
Group relief	10,823	-
Permanent capital allowances in excess of depreciation	(3,532)	(4,468)
Depreciation on assets not qualifying for tax allowances	5,552	5,651
Amortisation on assets not qualifying for tax allowances	57,277	56,765
Deferred tax movement	2,235	757
Pension	370	(15,200)
Minority interest	35,938	28,416
Taxation charge	3,011,238	1,107,259

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

12 Dividends

	2020 £	2019 £
Interim paid	1,233,736	1,231,301

13 Intangible fixed assets

Group	Goodwill £	Software £	Total £
Cost			
At 1 October 2019 and 30 September 2020	2,866,131	11,500	2,877,631
Amortisation and impairment			
At 1 October 2019	2,529,778	719	2,530,497
Amortisation charged for the year	298,761	2,695	301,456
At 30 September 2020	2,828,539	3,414	2,831,953
Carrying amount			
At 30 September 2020	37,592	8,086	45,678
At 30 September 2019	336,353	10,781	347,134

The company had no intangible fixed assets at 30 September 2020 or 30 September 2019.

The remaining amortisation period of goodwill is estimated at 1 year.

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

14 Tangible fixed assets

Group	Leasehold building	Plant and machinery	Fixtures, fittings and equipment	Office equipment	Total
	£	£	£	£	£
Cost					
At 1 October 2019	1,200,881	110,342	43,953	42,867	1,398,043
Additions	-	12,129	1,390	4,482	18,001
Disposals	-	-	(2,839)	(3,401)	(6,240)
At 30 September 2020	1,200,881	122,471	42,504	43,948	1,409,804
Depreciation and impairment					
At 1 October 2019	141,344	98,834	29,812	28,177	298,167
Depreciation charged in the year	16,720	4,896	1,439	5,499	28,554
Eliminated in respect of disposals	-	-	(2,427)	(3,142)	(5,569)
At 30 September 2020	158,064	103,730	28,824	30,534	321,152
Carrying amount					
At 30 September 2020	1,042,817	18,741	13,680	13,414	1,088,652
At 30 September 2019	1,059,537	11,508	14,141	14,690	1,099,876
Company		Leasehold building	Fixtures, fittings and equipment	Office equipment	Total
		£	£	£	£
Cost					
At 1 October 2019		1,200,881	16,492	37,716	1,255,089
Additions		-	-	4,482	4,482
At 30 September 2020		1,200,881	16,492	42,198	1,259,571
Depreciation and impairment					
At 1 October 2019		141,344	16,492	24,069	181,905
Depreciation charged in the year		16,720	-	5,240	21,960
At 30 September 2020		158,064	16,492	29,309	203,865
Carrying amount					
At 30 September 2020		1,042,817	-	12,889	1,055,706
At 30 September 2019		1,059,537	-	13,647	1,073,184

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

15 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	16	-	-	1,235,183	1,235,283
Investments in associates	17	362,160	344,977	-	-
Unlisted investments		-	102,212	-	102,212
		<u>362,160</u>	<u>447,189</u>	<u>1,235,183</u>	<u>1,337,495</u>

Movements in fixed asset investments Group

	Shares in group undertakings and participating interests £	Other investments other than loans £	Total £
Cost or valuation			
At 1 October 2019	344,977	102,212	447,189
Additions	17,283	-	17,283
Disposals	(100)	(102,212)	(102,312)
	<u>362,160</u>	<u>-</u>	<u>362,160</u>
At 30 September 2020			
Carrying amount			
At 30 September 2020	<u>362,160</u>	<u>-</u>	<u>362,160</u>
At 30 September 2019	<u>344,977</u>	<u>102,212</u>	<u>447,189</u>

Movements in fixed asset investments Company

	Shares in group undertakings £	Other investments other than loans £	Total £
Cost or valuation			
At 1 October 2019	1,235,283	102,212	1,337,495
Disposals	(100)	(102,212)	(102,312)
	<u>1,235,183</u>	<u>-</u>	<u>1,235,183</u>
At 30 September 2020			
Carrying amount			
At 30 September 2020	<u>1,235,183</u>	<u>-</u>	<u>1,235,183</u>
At 30 September 2019	<u>1,235,283</u>	<u>102,212</u>	<u>1,337,495</u>

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

16 Subsidiaries

Details of the company's subsidiaries at 30 September 2020 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
GMH Trading Limited	1	Ordinary	100.00
Loudwater Enterprises Limited	2	Ordinary	100.00
Loudwater Management Limited	3	Ordinary	50.00

Registered office addresses (all UK unless otherwise indicated):

- 1 56 Crewys Road, London, NW2 2AD
- 2 Lynwood House, 373/375 Station Road, Harrow, Middlesex, HA1 2AW
- 3 Lynwood House, 373/375 Station Road, Harrow, Middlesex, HA1 2AW

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
GMH Trading Limited	2,801,711	469,258
Loudwater Enterprises Limited	100	
Loudwater Management Limited	4,751,399	378,295

Loudwater Management Limited is the parent company of Barrow, Lane & Ballard Limited, whose principal activity is that of import, export and distribution of edible nuts and dry fruits.

17 Associates

Details of associates at 30 September 2020 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Longson-BLB Company Limited	Vietnam	Ordinary	30

Longson - BLB Company Limited is an associate company of Barrow, Lane & Ballard Limited.

18 Financial instruments

	Group 2020 £	2019 £	Company 2020 £	2019 £
Carrying amount of financial assets				
Instruments measured at fair value through profit or loss	354,176	56,508	-	7,023
	=====	=====	=====	=====
Carrying amount of financial liabilities				
Measured at fair value through profit or loss				
- Other financial liabilities	25,206	-	25,206	-
	=====	=====	=====	=====

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

19 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Finished goods and goods for resale	23,670,679	23,330,938	7,951,872	8,017,257

20 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	30,589,811	36,755,374	14,441,825	20,207,525
Amounts owed by undertakings in which the company has a participating interest	832,753	891,876	1,783,496	1,776,787
Derivative financial instruments	354,176	56,508	-	7,023
Other debtors	6,127,914	7,407,094	3,461,093	5,062,418
Prepayments and accrued income	218,060	228,376	146,181	146,455
	<u>38,122,714</u>	<u>45,339,228</u>	<u>19,832,595</u>	<u>27,200,208</u>

Amounts falling due after more than one year:

Other debtors	-	710,688	-	710,688
	<u>-</u>	<u>710,688</u>	<u>-</u>	<u>710,688</u>
Total debtors	<u>38,122,714</u>	<u>46,049,916</u>	<u>19,832,595</u>	<u>27,910,896</u>

21 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	23	25,858,426	27,324,851	6,983,262	8,228,326
Trade creditors		30,881,142	13,193,198	23,317,558	6,092,732
Amounts owed to group undertakings		1,748,988	-	-	-
Amounts owed to undertakings in which the group has a participating interest		-	1,588,988	-	-
Corporation tax payable		3,487,282	1,358,290	3,253,437	1,197,641
Other taxation and social security		41,573	111,339	9,668	13,389
Derivative financial instruments		25,206	-	25,206	-
Other creditors		1,611,169	1,423,422	319,551	325,899
Accruals and deferred income		1,045,292	2,137,780	857,270	1,924,568
		<u>64,699,078</u>	<u>47,137,868</u>	<u>34,765,952</u>	<u>17,782,555</u>

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

22 Creditors: amounts falling due after more than one year	Notes	Group	2019	Company	2019
		2020	2019	2020	2019
		£	£	£	£
Bank loans and overdrafts	23	264,959	407,850	264,959	407,850
Amounts included above which fall due after five years are as follows:					
Payable by instalments		21,901	57,438	21,901	57,438
23 Loans and overdrafts					
		Group	2019	Company	2019
		2020	2019	2020	2019
		£	£	£	£
Bank loans		508,500	650,790	508,500	650,790
Bank overdrafts		25,614,885	27,081,911	6,739,721	7,985,386
		26,123,385	27,732,701	7,248,221	8,636,176
Payable within one year		25,858,426	27,324,851	6,983,262	8,228,326
Payable after one year		264,959	407,850	264,959	407,850

The bank borrowings of the group of £26,123,385 (2019: £27,732,701) are secured by way of a mortgage debenture and fixed and floating charges over the group's property and assets.

The bank borrowings of the company of £7,248,221 (2019: £8,636,176) are secured by way of a mortgage debenture and fixed and floating charges over the company's property and assets.

Included within the company borrowings are:

- A mortgage with Barclays Bank PLC. The balance outstanding at the year end was £183,500 (2019: £213,290) and is payable by May 2026. The mortgage has a variable interest rate of 1.5% above the Bank of England base rate.
- A loan with Mizrahi Tefahot Bank Ltd. The balance outstanding at the year end was £225,000 (2019: £337,500) and is payable by August 2022. The loan has a variable interest rate of 3% above the bank's three month sterling LIBOR rate.
- A short term loan with Mizrahi Tefahot Bank Ltd. The balance outstanding at the year end was £100,000 (2019: £100,000). The loan has a variable interest rate of 2% above the bank's three month sterling LIBOR rate.

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

24 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020 £	Liabilities 2019 £
Group		
Accelerated capital allowances	10,385	8,150
	<u> </u>	<u> </u>
	Liabilities 2020 £	Liabilities 2019 £
Company		
Accelerated capital allowances	2,449	2,439
	<u> </u>	<u> </u>
	Group 2020 £	Company 2020 £
Movements in the year:		
Liability at 1 October 2019	8,150	2,439
Charge to profit or loss	2,235	10
	<u> </u>	<u> </u>
Liability at 30 September 2020	10,385	2,449
	<u> </u>	<u> </u>

25 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	68,425	81,606
	<u> </u>	<u> </u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

26 Share capital

	Group and company	
	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
37,500 Ordinary A shares of £1 each	37,500	37,500
12,500 Ordinary B shares of £1 each	12,500	12,500
	<u>50,000</u>	<u>50,000</u>
	<u><u>50,000</u></u>	<u><u>50,000</u></u>

The Ordinary A and B shares constitute different classes of shares for the purposes of the Companies Act 2006. The Ordinary A shares and B shares rank pari passu in all respects except that the directors are empowered to declare dividends to any one or more of the share categories separately.

27 Financial commitments, guarantees and contingent liabilities

The company has a customs guarantee agreement to the value of £100,000. Given the financial position and operating policies of the company, the guarantee is not expected to be called upon.

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

28 Related party transactions

Remuneration of key management personnel

The company's key management personnel are considered to be the directors. Their remuneration during the year is shown in note 7.

Transaction with related parties

Barrow, Lane & Ballard Limited, Loudwater Enterprises Limited, Loudwater Management Limited, The Highland Egg Company Limited, GMH Trading Limited, Aventrix Limited, Africa Textiles Limited, Leigh Nominees Limited, Atlantix Commodities (UK) Limited, Stanmir Ltd, EMO (MAU) Limited, Citywell Corporation Ltd and Stanmau Limited. All of these companies are incorporated in England and Wales and related by virtue of having common directors.

Discount My Fashion (Proprietary) Limited, incorporated in South Africa, a subsidiary of Africa Textiles Limited, a company in which Mr S S Stimler and Mr M Stimler are the directors and shareholders. Cardona Investments 374 (Proprietary) Limited is a shareholder of Discount My Fashion (Pty) Ltd.

Longson - BLB (UK) Limited, incorporated in England and Wales, a subsidiary of Barrow, Lane & Ballard Limited.

Longson - BLB Company Limited, incorporated in Vietnam, an associate of Barrow, Lane & Ballard Limited.

Grand NN, incorporated in the Russian Federation, a company in which Mr S S Stimler, a director, is a significant shareholder.

Atlantix Commodities LLC, a company registered in the USA. Atlantix Commodities (UK) Limited has a significant interest in Atlantix Commodities LLC.

The Loudwater 2 Pension Scheme.

The company has taken advantage of the exemption available in FRS 102 Section 33.1A "Related party disclosures" whereby it has not disclosed transactions with any wholly owned subsidiary undertaking.

During the year, the group made sales of £4,440,687 (2019: £7,675,346) to Cardona Investments 374 (Proprietary) Limited. Included within trade debtors is an amount of £2,342,073 (2019: £7,666,621) due from Cardona Investments 374 (Proprietary) Limited.

Included within other debtors are the following amounts due from: Grand NN £nil (2019: £859,195), Highland Egg Company Limited £266,653 (2019: £263,931), Aventrix Limited £889,693 (2019: £889,693), Africa Textiles Limited £nil (2019: £710,688) Stanmau Limited £804,274 (2019: £664,274), Atlantix Commodities (UK) Limited £25,379 (2019: £25,150), Katfort Trading Limited £8,548 (2019: £5,319), Atlantix Commodities LLC £2,890,416 (2019: £2,887,960), Stanmir Ltd £260,000 (2019: £260,000), EMO (MAU) Limited £440 (2019: £nil) and Citywell Corporation Ltd £1,626 (2019: £1,626).

Included within other creditors are the following amounts due to: Africa Textiles Limited £18,583 (2019: £nil) and Atlantix Commodities (UK) Limited £291,518 (2019: £47,423).

29 Directors' transactions

Dividends totalling £1,233,736 (2019: £1,231,301) were paid in the year in respect of shares held by the company's directors.

30 Controlling party

The ultimate controlling interest is held by Mr M Stimler, who is a director and the majority shareholder of the company.

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

31 Cash generated from group operations

	2020	2019
	£	£
Profit for the year after tax	12,278,109	4,347,931
Adjustments for:		
Share of results of associates and joint ventures	(17,183)	(11,005)
Minority interest	189,148	149,557
Taxation charged	3,011,238	1,107,259
Finance costs	946,350	1,196,679
Investment income	(22,508)	(30,976)
Loss on disposal of tangible fixed assets	671	-
Amortisation and impairment of intangible assets	301,456	299,481
Depreciation and impairment of tangible fixed assets	28,554	29,025
Amounts written off investments	32,298	-
Movements in working capital:		
Increase in stocks	(339,741)	(2,374,878)
Decrease/(increase) in debtors	8,224,870	(7,862,570)
Increase in creditors	16,873,437	5,859,910
Cash generated from operations	<u>41,506,699</u>	<u>2,710,413</u>

32 Cash generated from/(absorbed by) operations - company

	2020	2019
	£	£
Profit for the year after tax	11,817,290	4,015,842
Adjustments for:		
Taxation charged	2,739,131	871,113
Finance costs	255,866	271,473
Investment income	(160,000)	(250,000)
Depreciation and impairment of tangible fixed assets	21,960	22,655
Amounts written off investments	32,298	-
Movements in working capital:		
Decrease/(increase) in stocks	65,385	(921,592)
Decrease/(increase) in debtors	8,071,278	(7,559,119)
Increase in creditors	16,147,459	3,074,692
Cash generated from/(absorbed by) operations	<u>38,990,667</u>	<u>(474,936)</u>

LOUDWATER TRADE AND FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

33 Analysis of changes in net funds/(debt) - group

	1 October 2019	Cash flow	30 September 2020
	£	£	£
Cash at bank and in hand	4,237,854	36,479,245	40,717,099
Bank overdrafts	(27,081,911)	1,467,026	(25,614,885)
	<u>(22,844,057)</u>	<u>37,946,271</u>	<u>15,102,214</u>
Borrowings excluding overdrafts	(650,790)	142,290	(508,500)
	<u>(23,494,847)</u>	<u>38,088,561</u>	<u>14,593,714</u>

34 Analysis of changes in net funds/(debt) - company

	1 October 2019	Cash flow	30 September 2020
	£	£	£
Cash at bank and in hand	1,947,399	35,687,546	37,634,945
Bank overdrafts	(7,985,386)	1,245,665	(6,739,721)
	<u>(6,037,987)</u>	<u>36,933,211</u>	<u>30,895,224</u>
Borrowings excluding overdrafts	(650,790)	142,290	(508,500)
	<u>(6,688,777)</u>	<u>37,075,501</u>	<u>30,386,724</u>

