

SOURCE TRADING LIMITED

UNAUDITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 MARCH 2022

SOURCE TRADING LIMITED
REGISTERED NUMBER: 03840289

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	4	629	877
Investments	5	1,351,623	1,351,623
		1,352,252	1,352,500
Current assets			
Stocks	6	8,326	8,326
Debtors: amounts falling due within one year	7	542,311	521,068
Cash at bank and in hand	8	141,641	57
		692,278	529,451
Creditors: amounts falling due within one year	9	(631,351)	(499,715)
Net current assets		60,927	29,736
Total assets less current liabilities		1,413,179	1,382,236
Creditors: amounts falling due after more than one year	10	(2,719,758)	(2,469,862)
Net liabilities		<u>(1,306,579)</u>	<u>(1,087,626)</u>
Capital and reserves			
Called up share capital		950	950
Capital redemption reserve		50	50
Profit and loss account		(1,307,579)	(1,088,626)
		<u>(1,306,579)</u>	<u>(1,087,626)</u>

SOURCE TRADING LIMITED
REGISTERED NUMBER: 03840289

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2022

The director considers that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

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

S M R Clark
Director

Date: 15 December 2022

The notes on pages 3 to 10 form part of these financial statements.

SOURCE TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. General information

Source Trading Limited is a private company limited by shares and incorporated in England. Its registered office is Old Cornmill Cottage, Mill Lane, Sheet, Petersfield, Hampshire, GU32 2AJ and registration number is 03840289.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

Due to the nature of trading the company is reliant on long term funding from trading partners. There is not any reason to believe they will not continue to support the trading position, however if they did not do so the company may not be able to continue as a going concern if replacement funding could not be sourced.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Fixtures and fittings	-	25%	reducing balance
Office equipment	-	25%	reducing balance
Computer equipment	-	25%	reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.5 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss

2.6 Debtors

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

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

SOURCE TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.10 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.12 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.13 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.15 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of income and retained earnings in the same period as the related expenditure.

SOURCE TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of

deferred tax liabilities or other future taxable profits; and

- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Employees

The average monthly number of employees, including directors, during the year was 3 (2021 - 3).

SOURCE TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

4. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 April 2021	2,268	2,838	4,363	9,469
At 31 March 2022	<u>2,268</u>	<u>2,838</u>	<u>4,363</u>	<u>9,469</u>
Depreciation				
At 1 April 2021	2,132	2,807	3,654	8,593
Charge for the year on owned assets	34	1	212	247
At 31 March 2022	<u>2,166</u>	<u>2,808</u>	<u>3,866</u>	<u>8,840</u>
Net book value				
At 31 March 2022	<u>102</u>	<u>30</u>	<u>497</u>	<u>629</u>
At 31 March 2021	<u>136</u>	<u>32</u>	<u>709</u>	<u>877</u>

5. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2021	1,351,623
At 31 March 2022	<u>1,351,623</u>
Net book value	
At 31 March 2022	<u>1,351,623</u>
At 31 March 2021	<u>1,351,623</u>

The balance above relates to an investment made into Source Trading Overseas LLP. Source Trading Limited and S Clark, director, are the only members of this entity.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

6. Stocks

	2022	<i>2021</i>
	£	<i>£</i>
Tobacco	8,326	<i>8,326</i>
	8,326	<i>8,326</i>

7. Debtors

	2022	<i>2021</i>
	£	<i>£</i>
Trade debtors	161,370	<i>142,839</i>
Amounts owed by group undertakings	680	<i>460</i>
Other debtors	51,776	<i>47,740</i>
Prepayments and accrued income	2,320	<i>3,864</i>
Deferred taxation	326,165	<i>326,165</i>
	542,311	<i>521,068</i>

8. Cash and cash equivalents

	2022	<i>2021</i>
	£	<i>£</i>
Cash at bank and in hand	141,641	<i>57</i>
Less: bank overdrafts	(41,110)	<i>-</i>
	100,531	<i>57</i>

SOURCE TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

9. Creditors: Amounts falling due within one year

	2022	<i>2021</i>
	£	<i>£</i>
Bank overdrafts	41,110	-
Bank loans	10,000	<i>1,389</i>
Other loans	73,280	<i>72,780</i>
Trade creditors	465,981	<i>378,825</i>
Other taxation and social security	3,013	<i>4,522</i>
Other creditors	19,217	<i>23,449</i>
Accruals and deferred income	18,750	<i>18,750</i>
	<u>631,351</u>	<i><u>499,715</u></i>

10. Creditors: Amounts falling due after more than one year and long term

	2022	<i>2021</i>
	£	<i>£</i>
Bank loans	31,667	<i>116,841</i>
Other loans	466,364	<i>514,781</i>
Trade creditors	1,289,837	<i>1,182,435</i>
Other creditors	931,890	<i>655,805</i>
	<u>2,719,758</u>	<i><u>2,469,862</u></i>

Unsecured Loans do not bear interest and are repayable on demand.

Secured Loans are secured by a pledge of tobacco repaid on a profit share basis on sales, and are repayable on demand

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

11. Loans

Analysis of the maturity of loans is given below:

	2022	<i>2021</i>
	£	<i>£</i>
Amounts falling due within 1 year		
Bank loans	10,000	<i>1,389</i>
Other loans	73,280	<i>72,780</i>
	83,280	<i>74,169</i>
Amounts falling due after more than one year and long term		
Bank loans	31,667	<i>116,841</i>
Other loans	466,364	<i>514,781</i>
	498,031	<i>631,622</i>
	581,311	<i>705,791</i>

12. Deferred taxation

	2022
	£
At beginning of year	326,165
Charged to profit or loss	-
At end of year	326,165

The deferred tax asset is made up as follows:

	2022	<i>2021</i>
	£	<i>£</i>
Accelerated capital allowances	(167)	<i>(167)</i>
Tax losses carried forward	326,237	<i>326,237</i>
Other short term timing differences	95	<i>95</i>
	326,165	<i>326,165</i>

