

UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2020

SUTHERLAND TRADING
COMPANY LIMITED

MENZIES

SUTHERLAND TRADING COMPANY LIMITED

COMPANY INFORMATION

Director	Mr G D Jones
Registered number	04112976
Registered office	Bedwas House Industrial Estate Bedwas Caerphilly CF83 8XQ
Trading Address	Unit 3 Greenway Bedwas Industrial Estate CF83 8XQ
Accountants	Menzies LLP Chartered Accountants Centrum House 36 Station Road Egham Surrey TW20 9LF

SUTHERLAND TRADING COMPANY LIMITED

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SUTHERLAND TRADING COMPANY LIMITED

REGISTERED NUMBER:04112976

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	4	679,110	686,317
Investments	5	100	100
		<u>679,210</u>	<u>686,417</u>
Current assets			
Stocks		1,140,155	1,181,227
Debtors: amounts falling due within one year	6	471,985	524,786
Cash at bank and in hand		169,845	243,984
		<u>1,781,985</u>	<u>1,949,997</u>
Creditors: amounts falling due within one year	7	(753,436)	(815,252)
Net current assets		<u>1,028,549</u>	<u>1,134,745</u>
Total assets less current liabilities		<u>1,707,759</u>	<u>1,821,162</u>
Creditors: amounts falling due after more than one year	8	(39,935)	(83,985)
Net assets		<u><u>1,667,824</u></u>	<u><u>1,737,177</u></u>
Capital and reserves			
Called up share capital		56,467	56,467
Profit and loss account		1,611,357	1,680,710
		<u><u>1,667,824</u></u>	<u><u>1,737,177</u></u>

SUTHERLAND TRADING COMPANY LIMITED

REGISTERED NUMBER:04112976

STATEMENT OF FINANCIAL POSITION (CONTINUED) AS AT 31 MARCH 2020

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:

Mr G D Jones

Director

Date: 12 March 2021

SUTHERLAND TRADING COMPANY LIMITED

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

1. General information

Sutherland Trading Company Limited is a private company limited by shares incorporated in England and Wales. The address of the registered office and trading address are provided in the company information page of these financial statements.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £.

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

The emergence and spread of COVID-19 in 2020 and the associated social distancing measures and imposed travel restrictions have significantly impacted businesses globally.

Whilst COVID-19 has affected the company, given the current uncertainties that exist regarding the duration and extent of the pandemic, at this stage it is not possible to reliably forecast the extent of this impact.

In response to the pandemic and uncertainty, the director has taken measures in order to safeguard cashflow, customers and supply chain that they believe should enable them to continue in operational existence. Therefore, it is the director's opinion that the going concern basis of preparation continues to be appropriate.

2.3 Turnover

Turnover 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. Turnover is generated via the import and wholesale selling of musical instrumentals and accessories, and is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.4 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

2.5 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

SUTHERLAND TRADING COMPANY LIMITED

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

2. Accounting policies (continued)

2.6 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.

2.7 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

Depreciation is provided on the following basis:

Freehold property	-	1% straight line on original cost
Other fixed assets	-	20% reducing balance
Motor vehicles	-	25% straight line

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

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

SUTHERLAND TRADING COMPANY LIMITED

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

2. Accounting policies (continued)

2.8 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Statement of Income and Retained Earnings unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

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.

2.11 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.

2.12 Financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is

SUTHERLAND TRADING COMPANY LIMITED

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

2. Accounting policies (continued)

2.12 Financial instruments (continued)

recognised in the Statement of Income and Retained Earnings.

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 re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

3. Employees

The average monthly number of employees, including directors, during the year was 20 (2019 - 19).

4. Tangible fixed assets

	Freehold property £	Other fixed assets £	Motor vehicles £	Total £
Cost or valuation				
At 1 April 2019	716,794	97,686	56,794	871,274
Additions	-	-	20,000	20,000
Disposals	-	-	(13,398)	(13,398)
At 31 March 2020	716,794	97,686	63,396	877,876
Depreciation				
At 1 April 2019	82,154	76,687	26,116	184,957
Charge for the year on owned assets	5,164	4,198	11,983	21,345
Disposals	-	-	(7,536)	(7,536)
At 31 March 2020	87,318	80,885	30,563	198,766
Net book value				
At 31 March 2020	629,476	16,801	32,833	679,110
At 31 March 2019	634,640	20,999	30,678	686,317

Included within the net book value of £679,110 is £11,123 (2019: £26,728) relating to assets held under hire purchase agreements. The depreciation charge to the profit and loss account in the year in respect of such assets amounted to £9,743 (2019: £10,023).

SUTHERLAND TRADING COMPANY LIMITED

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

5. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2019	100
At 31 March 2020	<u>100</u>

6. Debtors

	2020 £	2019 £
Trade debtors	398,274	455,542
Amounts owed by group undertakings	3,250	452
Other debtors	12,150	12,150
Prepayments and accrued income	10,892	9,223
Deferred taxation	47,419	47,419
	<u>471,985</u>	<u>524,786</u>

7. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank overdrafts	45,487	31,450
Bank loans	38,943	41,161
Trade creditors	162,164	188,018
Amounts owed to group undertakings	100	100
Other taxation and social security	109,202	140,165
Obligations under finance lease and hire purchase contracts	5,139	12,943
Other creditors	331,795	340,037
Accruals and deferred income	60,606	61,378
	<u>753,436</u>	<u>815,252</u>

SUTHERLAND TRADING COMPANY LIMITED

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

Secured Loans

The bank loan and mortgages are secured by way of a debenture and legal mortgage over the company's relevant freehold property and a fixed and floating charge over other company assets.

Interest is applied on these borrowings at a market rate.

Included in other creditors is £324,370 (2019: £319,611) relating to monies advanced under an invoice discounting agreement entered into in September 2001, which is secured on the company's trade debtors.

The hire purchase agreements are secured on the underlying assets.

8. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Bank loans	25,583	62,930
Net obligations under finance leases and hire purchase contracts	-	6,703
Share capital treated as debt	14,352	14,352
	<u>39,935</u>	<u>83,985</u>

The bank loan and mortgages are secured by way of a debenture and legal mortgage over the company's relevant freehold property and a fixed and floating charge over other company assets.

Interest is applied on these borrowings at a market rate.

The hire purchase agreements are secured on the underlying assets.

9. Hedging activities

As at 31 March 2020 there was an outstanding US Dollar forward contract for the amount of £99,253 (2019: £102,930) and an outstanding Euro forward contract for the amount of £nil (2019: £154,550) to be exercised.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.