

COMPANY REGISTRATION NUMBER: 2874484

Nijjar Dairies Limited

Financial Statements

1st January 2022



JAVED & CO

Chartered Accountants & statutory auditor

109 Hagley Road

Birmingham

B16 8LA

Nijjar Dairies Limited
Financial Statements
Period Ended 1st January 2022

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Nijjar Dairies Limited

Officers and Professional Advisers

The board of directors

Mr Balvinder Singh Nijjar
Mr Bharat Chimanlal Shah (resigned on 29/04/22)
Mr Ravinder Singh Nijjar
Mr Vinesh Harakhchand Shah

Company secretary

Mr Ravinder Singh Nijjar

Registered office

16 Eastman Road
The Vale
Acton
London
W3 7YG

Auditor

Javed & Co
Chartered Accountants & statutory auditor
109 Hagley Road
Birmingham
B16 8LA

Bankers

Barclays Bank Plc
Queen Square
Leicestershire
LE87 2BB

Nijjar Dairies Limited
Strategic Report
Period Ended 1st January 2022

Introduction

The principal activity of the company is that of wholesaler and retail seller of dairy and other related products.

There have not been any significant changes in the company's activities in the period under review. The directors are not aware, as at the date of report, of any likely major changes in the company's activities in the next period.

The Strategic report is only part of the full accounts and additional reports.

Business Review

Nijjar Dairies Limited's turnover increased to £247m from £213m. There was a slight drop in operating margins and the company made a net loss after tax of £2.7m. This was a difficult trading period as business sales were still affected during the start of the period due to Covid and other economic factors.

The company's balance sheet as detailed on page 18 shows a shareholder deficit of £12.7m.

The business is focusing on its strengths in core milk, cream and grocery products distribution and has made significant investment in updating the site, plant and machinery and distribution network of motor vehicles and warehousing.

Key Performance Indicators

The company expects to continue to receive support from group companies and creditors. Given the straight forward nature of the business the company's directors are of the opinion that the following Key Performance Indicators (KPI's) are appropriate for an understanding of the development performance of the entity.

	2021 £	2020 £	Percentage Change
Turnover	247 million	213 million	16%
Gross Profit	33.2 million	30.4 million	9%
Profit/(Loss) before tax	(3.0) million	(5.99) million	50%
Cash at bank & in hand	1.03 million	0.43 million	140%
Trade debtors	38.2 million	22.6 million	69%
Trade creditors	6.9 million	4.3 million	60%
Bank loan & overdraft	20.5 million	16.6 million	23%
Net current liabilities	18.3 million	15.4 million	19%

Principal risks and uncertainties

Credit risk

The company manages credit risk by strict credit control.

Nijjar Dairies Limited

Strategic Report *(continued)*

Period Ended 1st January 2022

Liquidity risk

The company manages its cash flow risk by using a rolling 13-week cash flow forecast and adopting a mixture of medium and short-term borrowing facilities.

Commodity pricing risk

The company is exposed to commodity pricing risks for milk, grocery and fuel costs. This is managed by having strong relationships with its suppliers and customers and passing on changing prices to customers whenever possible.

Other risk

The Covid-19 pandemic has been an unprecedented situation which has impacted operations of the company. The pandemic has had significant effects on suppliers/customers due to the uncertainty around companies being able to operate with the impact of isolation being the main contributor. The company has engaged in measures during the period like working from home and the use of the Coronavirus Job Retention Scheme where practical and will continue to monitor the situation regarding wider impact of the virus on milk delivery, changing customer behaviour and other operations alike.

Brexit has happened during the period; the business has had minimal dealings with EU suppliers.

Going Concern

The Directors have adopted the going concern basis in preparing these accounts after assessing the principal risks but there can be no certainty in the matter. The Directors have considered the impact of the current environment factors on the business for the next 12 months. The planning was difficult in the current climate so the directors have considered the impact of inflation and general economic conditions on business sales, customers and suppliers. The directors of the company took various measures and carried out a comprehensive review of all costs impacting the business making cost reductions in areas. The Directors believe that the group and company will move towards breakeven over the next 12 months and anticipate a recovery in the following years.

As stated in the strategic report, at the balance sheet date, the company had net current liabilities of £18,334,548. The company is a subsidiary of Nijjar Holdings Ltd (NHL) and is reliant on the continuing support of the group companies (NHL and Nijjar Property Ltd (NPL)). The company is also relying on continuing financial support from the bank with regards to their facility. The Directors have prepared forecasts and projections taking the above factors taken into consideration and concluded that the group will have sufficient resources to meet its financial obligations as they fall due for the period at least 12 months from the signing of these financial statements. A letter of support from the holding company and a fellow subsidiary has been given for continued financial support to the company for the next 12 months. NPL had an intercompany creditor balance with NDL of over £29 million at period end. A letter of support from RSN Property Ltd to NPL has been obtained, as RSN left the group in June 22, for continued financial support to NPL for the next 12 months, for its intercompany creditor balance in NPL of over £8 million.

Nijjar Dairies Limited

Strategic Report *(continued)*

Period Ended 1st January 2022

Energy and carbon reporting - Streamlined Energy & Carbon Reporting

The information provided in this report address the Company's obligation under the Companies (Director's Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, commonly referred to as Streamlined Energy & Carbon Reporting (SECR). The report builds up on the information provided by Nijjar Dairies Ltd for previous reporting year under the Mandatory Greenhouse Gas (GHG) requirements.

The data reported below relates to emissions from activities in the operational control of the Company from 3rd January 2021 to 1st January 2022 consistent with its financial reporting period. All of the energy consumption and emissions data relate to activities undertaken in the United Kingdom.

Energy data is based on activity data contained in supplier invoices for road fuel transactions used for business travel and minor quantities for gas used in other small equipment plus utility meter data for electricity and gas usage.

	2022	2021
Fuels - kWh	30,270,684	28,084,638
Electricity - Kwh	940,489	1,011,075
Total Energy Use - kWh	31,211,173	29,095,713
Scope 1 GHG Emissions - tonnes CO2e	7,618	7,180
Scope 2 GHG Emissions - tonnes CO2e	237	236
Total Scope 1&2 Emissions - tonnes CO2e	7,855	7,416

The company has followed the GHG Protocol Corporate Accounting and Reporting Standard to calculate emissions from fuels (Scope 1) and from purchased electricity (Scope 2). Carbon emission factors have been used to convert each activity that gives rise to GHG emissions to a carbon dioxide equivalent (CO2e) using the latest government conversion factors for company reporting. Scope 1 emission data includes the material sources of road fuel used by all company vehicles. Scope 2 emissions data includes purchased electricity used in manufacturing, distribution and the offices.

Director's duties - compliance with S172 of the Companies Act 2006

Section 172 of the Companies Act 2006 require directors of the group to act in a way they consider, in good faith, would most likely promote the success of the group for the benefit of its shareholders as a whole. In doing this, section 172 requires a director to have a regard, amongst other matters, to the:

- Likely consequences of any decision in the long term;
- Need to foster the group's business relationship with suppliers, customers and others;
- Impact of the group's operations on the community and environment;
- Desirability of the group maintaining a reputation for high standards of business conduct; and
- Need to act fairly between members of the group

Nijjar Dairies Limited

Strategic Report *(continued)*

Period Ended 1st January 2022

Stakeholder Relationships and Engagement

The Board understands that good governance includes maintaining a clear, effective, meaningful relationship with all relevant stakeholders including our customers, our employees, the wider Group, our suppliers and the communities and environments in which we operate.

How we engage our employees

We recognise that people are our valuable asset. Our success is dependent on their efforts and investment into our staff. The board holds the strong belief that engaging with our people is of key importance to successfully implementing its longer term strategies. Investing in our people with training and development is protecting our future and promoting our success. The company policies and practices are applied at a local level. Ongoing dialogue between managers and teams throughout the calendar year is proactively encouraged. All our employees agree to follow the dedicated UK employee handbook which includes all our related policies.

Customers and consumers

Our customers are essential to our business. Working with transparency and openness fosters our long-term customer relationships, and understanding our customers wants and needs informs our business decisions and priorities. We build trust with our customers through acting with integrity, honesty and promoting effective communication. Our customers are interested in our long-term trading position as they seek guarantee of supply and consistency of product and pricing.

Our food service channel has been a high growth area during the year for the Company. Our consumers are the end users of our products and services and continued engagement remains at the forefront of our strategic decisions.

We are dedicated to providing each and every one of our clients throughout the UK, with the freshest milk and dairy products available. From wholesalers and manufacturers right through to small businesses such as bakeries, cafes, hotels and retailers, we are the reliable dairy products supplier in the UK. We pride ourselves on being an independent and family-run business that offers only the highest quality dairy products and supplies of a wide range of own-label and branded food including bread, yogurt, fruit juices, cheeses, and eggs.

Our external suppliers

The Board recognises the key role that our external suppliers of everything else excluding milk, play in ensuring the reliable delivery of products to our customers. We deal with proven suppliers which gives confidence over our suppliers' practices. This all lends itself to more efficient relationships with our suppliers in terms of delivery, issues that arise and effective consolidation of ordering. We proactively manage our key supplier relationships and hold regular meetings to provide opportunity for hearing from our strategic partners first hand on what challenges they face and understanding ways we can collaborate towards solutions. The Board engages where necessary in terms of matters of external suppliers, be it a decision over which supplier to use, or discussions of any significant issues or disputes that may arise.

Nijjar Dairies Limited

Strategic Report *(continued)*

Period Ended 1st January 2022

External environment

The UK is aligned over the importance given to sustainability and it forms a crucial part of the Company strategy and the Board considers the external environment in several ways. We are constantly taking steps to achieve our goals, from reducing CO2 emissions to reducing waste in our operations. For example, we reduce CO2 emissions through effective route planning. An example of our commitment to sustainable packaging is our continued commitment to increase the level of recycle-friendly packaging materials we use, including the use of film pouches instead of plastic bottles by investing in new plant and machinery over the years to reduce plastic use.

This report was approved by the board of directors on 30 September 2022 and signed on behalf of the board by:



Mr Balvinder Singh Nijjar
Director

Registered office:
16 Eastman Road
The Vale
Acton
London
W3 7YG

Nijjar Dairies Limited

Directors' Report

Period Ended 1st January 2022

The directors present their report and the financial statements of the company for the period ended 1st January 2022.

Principal activities

The principal activity of the company is that of wholesaler and retail seller of dairy and other related products.

Directors

The directors who served the company during the period were as follows:

Mr Balvinder Singh Nijjar
Mr Bharat Chimanlal Shah
Mr Ravinder Singh Nijjar
Mr Vinesh Harakhchand Shah
Mr Harish Ramchandani (Resigned 1st May 2021)

Dividends

The directors do not recommend the payment of a dividend.

Employment of disabled persons

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

The policy of providing employees with information about the company was introduced a few years ago, in which employees are encouraged to present their suggestions and views on the company. The company provide opportunities for training and development for all staff and reward employees with departmental staff parties; including food when overtime is completed and employee of the month schemes.

Disclosure of information in the strategic report

Key Performance Indicators (KPI's) and principal risks have been disclosed in Strategic report on page 2.

Nijjar Dairies Limited

Directors' Report *(continued)*

Period Ended 1st January 2022

Directors' responsibilities statement

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 period. 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 the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Nijjar Dairies Limited

Directors' Report *(continued)*

Period Ended 1st January 2022

This report was approved by the board of directors on 30 September 2022 and signed on behalf of the board by:



Mr Balvinder Singh Nijjar
Director

Registered office:
16 Eastman Road
The Vale
Acton
London
W3 7YG

Nijjar Dairies Limited

Independent Auditor's Report to the Members of Nijjar Dairies Limited

Period Ended 1st January 2022

Opinion

We have audited the financial statements of Nijjar Dairies Limited (the 'company') for the period ended 1st January 2022 which comprise the statement of income and retained earnings, statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 1st January 2022 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

Nijjar Dairies Limited

Independent Auditor's Report to the Members of Nijjar Dairies Limited *(continued)*

Period Ended 1st January 2022

Material uncertainty related to going concern

We draw attention to negative net current liabilities of £18.3m, as shown on the balance sheet page 17, that may cast significant doubt on the entities ability to continue as going concern. The company is heavily reliant on the continued support of group companies and bank facilities.

We also draw your attention to additional uncertainty created by the ongoing inflation and economic situation plus the merger negotiations between Nijjar Group's milk processing and distributing companies (including NDL) and Medina Holdings Ltd and its subsidiaries. The merger was approved by the Competition and Markets Authority (CMA) in March 2022. The two groups are now negotiating on the continued group structure and other operating matters.

RSN Property Ltd, a fellow group subsidiary left the group in June 2022.

These matters indicate there are material uncertainties that may cause doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect of going concern are described in the relevant section of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Nijjar Dairies Limited

Independent Auditor's Report to the Members of Nijjar Dairies Limited *(continued)*

Period Ended 1st January 2022

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period 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 the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Nijjar Dairies Limited

Independent Auditor's Report to the Members of Nijjar Dairies Limited *(continued)*

Period Ended 1st January 2022

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, Financial Reporting Standards, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, appropriate audit procedures were used to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

Nijjar Dairies Limited

Independent Auditor's Report to the Members of Nijjar Dairies Limited *(continued)*

Period Ended 1st January 2022

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Nijjar Dairies Limited

Independent Auditor's Report to the Members of Nijjar Dairies Limited *(continued)*

Period Ended 1st January 2022

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Mr Rizwan Javed (Senior Statutory Auditor)

For and on behalf of
Javed & Co
Chartered Accountants & statutory auditor
109 Hagley Road
Birmingham
B16 8LA

30 September 2022

Nijjar Dairies Limited
Statement of Income and Retained Earnings
Period Ended 1st January 2022

		Period from 3 Jan 21 to 1 Jan 22	Period from 29 Dec 19 to 2 Jan 21
	Note	£	£
Turnover	4	247,300,514	213,316,720
Cost of sales		(214,112,893)	(182,950,717)
Gross profit		33,187,621	30,366,003
Administrative expenses		(38,260,102)	(39,107,165)
Other operating income	4a	2,739,203	3,566,621
Operating profit/(loss)	5	(2,333,278)	(5,174,541)
Interest payable	9	(723,546)	(811,577)
Loss before taxation		(3,056,824)	(5,986,118)
Taxation on ordinary activities	10	313,453	637,696
Loss for the financial period and total comprehensive income		(2,743,371)	(5,348,422)
Retained losses at the start of the period		(10,682,919)	(5,334,497)
Retained losses at the end of the period		(13,426,290)	(10,682,919)

All the activities of the company are from continuing operations.

The notes on pages 19 to 38 form part of these financial statements.

Nijjar Dairies Limited
Statement of Financial Position
1st January 2022

	Note	1 Jan 22 £	2 Jan 21 £
Fixed assets			
Intangible assets	11	3,808,748	495,044
Tangible assets	12	4,302,815	6,088,091
Investments	13	1,651,537	5,374,811
		<u>9,763,100</u>	<u>11,957,946</u>
Current assets			
Stocks	14	694,770	627,440
Debtors	15	42,178,962	25,267,735
Cash at bank and in hand		1,027,704	428,790
		<u>43,901,436</u>	<u>26,323,965</u>
Creditors: amounts falling due within one year	16	<u>62,235,984</u>	<u>41,710,568</u>
Net current liabilities		<u>18,334,548</u>	<u>15,386,603</u>
Total assets less current liabilities		<u>(8,571,448)</u>	<u>(3,428,657)</u>
Creditors: amounts falling due after more than one year	17	(5,088,927)	(7,159,944)
Provisions			
Taxation including deferred tax	19	1,008,075	679,672
Net liabilities		<u>(12,652,300)</u>	<u>(9,908,929)</u>

The statement of financial position
continues on the following page.
The notes on pages 19 to 38 form part of these financial statements.

Nijjar Dairies Limited
Statement of Financial Position *(continued)*

1st January 2022

	Note	1 Jan 22 £	2 Jan 21 £
Capital and reserves			
Called up share capital	22	2,234	2,234
Share premium account	23	771,756	771,756
Profit and loss account	23	(13,426,290)	(10,682,919)
Shareholders deficit		<u>(12,652,300)</u>	<u>(9,908,929)</u>

These financial statements were approved by the board of directors and authorised for issue on 30 September 2022 and are signed on behalf of the board by:



Mr Balvinder Singh Nijjar
Director

Company registration number: 2874484

The notes on pages 19 to 38 form part of these financial statements.

Nijjar Dairies Limited

Notes to the Financial Statements *(continued)*

Period Ended 1st January 2022

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 16 Eastman Road, The Vale, Acton, London, W3 7YG.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Significant accounting policies

Basis of preparation

The principal activity of the company is that of wholesaler and retail seller of dairy and other related products. The address of the registered office is given in the company information on page 1 of these financial statements.

The financial statements are prepared in sterling, which is the functional currency of the entity.

The directors believe that a going concern basis is appropriate as the holding company have given a pledge of financial support to the company for at least 12 months.

The 'Nijjar Group' consisting of Nijjar Dairies Limited (NDL), RSN Property Limited (RSN), Freshways Limited (FWL), Nijjar Property Limited (NPL), Nijjar Holdings Limited (NHL) and Chequers Transport (Bedford) Ltd (CTL) have a bank facility with unlimited cross group guarantees in favour of the bank.

The directors consider that they will be able to operate with the current facility, however, inherently there can be no certainty in these matters. On this basis, together with the reasons set out in the strategic report, the directors consider it is appropriate to prepare the financial statements on a going concern basis.

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

Going Concern

The Directors have adopted the going concern basis in preparing these accounts after assessing the principal risks but there can be no certainty in the matter. The Directors have considered the impact of the current environment factors on the business for the next 12 months. The planning was difficult in the current climate so the directors have considered the impact of inflation and general economic conditions on business sales, customers and suppliers.

Nijjar Dairies Limited

Notes to the Financial Statements *(continued)*

Period Ended 1st January 2022

The directors of the company took various measures and carried out a comprehensive review of all costs impacting the business making cost reductions in areas. The Directors believe that the group and company will move towards breakeven over the next 12 months and anticipate a recovery in the following years.

As stated in the strategic report, at the balance sheet date, the company had net current liabilities of £18,334,548. The company is a subsidiary of Nijjar Holdings Ltd (NHL) and is reliant on the continuing support of the group companies (NHL and Nijjar Property Ltd (NPL)). The company is also relying on continuing financial support from the bank with regards to their facility. The Directors have prepared forecasts and projections taking the above factors taken into consideration and concluded that the group will have sufficient resources to meet its financial obligations as they fall due for the period at least 12 months from the signing of these financial statements. A letter of support from the holding company and a fellow subsidiary has been given for continued financial support to the company for the next 12 months. NPL had an intercompany creditor balance with NDL of over £29 million at period end. A letter of support from RSN Property Ltd to NPL has been obtained, as RSN left the group in June 22, for continued financial support to NPL for the next 12 months, for its intercompany creditor balance in NPL of over £8 million.

Trade and other debtors

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised costs using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

Trade and other creditors

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Nijjar Group Holdings (Acton) Limited which can be obtained from Companies House. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.

Nijjar Dairies Limited

Notes to the Financial Statements *(continued)*

Period Ended 1st January 2022

3. Significant accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

The judgements made by management during the current period are based on a long-term understanding of the market they operate in and based on how the business has been conducted historically. Actual results may differ from their 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, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Tangible Assets

The useful lives of tangible assets are determined by management and reflect those adopted within the industry. Impairment of fixed assets is further discussed in a separate accounting policy note.

Stock

Impairment allowances are revised against stock where it is considered that the amount realisable from stock sale is considered to be less than its carrying value. The impairment allowance is made using management's best estimate for the recoverable amount.

Deferred Tax

Note 19 contains details of deferred taxation. Deferred tax liabilities are detailed by the reference to the likelihood of settlement and the likelihood that assets received is based on assumptions of future actions.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable net of VAT and trade discounts. At the period end there is a timing difference between sales of goods and retrospective discounts. Therefore, an estimation is made based upon the quantity of sales made in the lead up to the period end and an estimation of the likely discounts to be forthcoming against these sales. At 1st January 2022, the accrual included within trade debtors for retro promotions was £394,090 (2020 - £705,080).

Government Grants

The HMRC Job Retention Scheme grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received. Grants are recognised using the accrual model. Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Nijjar Dairies Limited

Notes to the Financial Statements *(continued)*

Period Ended 1st January 2022

3. Significant accounting policies *(continued)*

Taxation

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences.

Goodwill and patents

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life up to a maximum of 10 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

Hived up goodwill is calculated as the difference between the consideration paid and the identifiable net assets.

The policy for patents is the same as the policy for goodwill above.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses.

Nijjar Dairies Limited
Notes to the Financial Statements (continued)
Period Ended 1st January 2022

3. Significant accounting policies (continued)

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	Straight line over 10 years
Patents	-	Straight line over 10 years

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Leasehold Property	-	Over life of lease
Plant & Machinery	-	15% reducing balance
Fixtures & Fittings	-	15% reducing balance
Motor Vehicles	-	25% Reducing balance and 20% Straight line
Computer Equipment & Software	-	33% straight line

Milk trolleys and other short life assets are also included within Computer Equipment & Software.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses. Investments are valued using a factor of investment units' sale plus useful economic value of assets of the company at the balance sheet date.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the associate arising before or after the date of acquisition.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date. For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs.

Nijjar Dairies Limited

Notes to the Financial Statements *(continued)*

Period Ended 1st January 2022

3. Significant accounting policies *(continued)*

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units. No impairment change was required during the current or previous period.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Nijjar Dairies Limited

Notes to the Financial Statements (continued)

Period Ended 1st January 2022

3. Significant accounting policies (continued)

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	Period from 3 Jan 21 to 1 Jan 22 £	Period from 29 Dec 19 to 2 Jan 21 £
Sale of goods	247,300,514	213,316,720

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

4a. Other Operating Income

	Period from 3 Jan 21 to 1 Jan 22 £	Period from 29 Dec 19 to 2 Jan 21 £
Management Charges Receivable	75,000	75,000
Other Operating Income	2,664,203	3,491,621
	2,739,203	3,566,621

Nijjar Dairies Limited
Notes to the Financial Statements (continued)
Period Ended 1st January 2022

5. Operating profit

Operating profit or loss is stated after charging:

	Period from 3 Jan 21 to 1 Jan 22 £	Period from 29 Dec 19 to 2 Jan 21 £
Amortisation of intangible assets	494,202	108,865
Depreciation of tangible assets	2,196,777	2,424,355
Loss on disposal of tangible assets	1,600	51,948
Impairment of investments	176,909	1,440,000
Impairment of trade debtors	630,000	119,554
Operating lease rentals	<u>228,387</u>	<u>497,862</u>

See note 13 for investment of shares in companies acquired and impaired during the prior period.

6. Auditor's remuneration

	Period from 3 Jan 21 to 1 Jan 22 £	Period from 29 Dec 19 to 2 Jan 21 £
Fees payable for the audit of the financial statements	<u>27,000</u>	<u>24,000</u>
Fees payable to the company's auditor and its associates for other services:		
Taxation compliance services	5,000	4,000
Other non-audit services	<u>19,000</u>	<u>18,000</u>
	<u>24,000</u>	<u>22,000</u>

The auditor's remuneration for group associates is not disclosed as this information is shown in consolidated accounts.

Nijjar Dairies Limited

Notes to the Financial Statements (continued)

Period Ended 1st January 2022

7. Particulars of employees

The average number of persons employed by the company during the period, including the directors, amounted to:

	1 Jan 22	2 Jan 21
	No.	No.
Distribution staff	185	194
Administrative staff	59	60
Management staff	3	3
	<u>247</u>	<u>257</u>

The aggregate payroll costs incurred during the period, relating to the above, were:

	Period from	Period from
	3 Jan 21 to	29 Dec 19
	1 Jan 22	2 Jan 21
	£	£
Wages and salaries	7,625,615	8,101,187
Social security costs	701,266	661,973
Other pension costs	128,682	162,508
	<u>8,455,563</u>	<u>8,925,668</u>

Other pension costs include Directors' defined contribution pension plans of £1,209 (2020 - Nil) shown below in note 8. There is no share option scheme operated by the company for its employees or directors.

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	Period from	Period from
	3 Jan 21 to	29 Dec 19
	1 Jan 22	2 Jan 21
	£	£
Remuneration	189,985	43,515
Company contributions to defined contribution pension plans	1,209	-
	<u>191,194</u>	<u>43,515</u>

Nijjar Dairies Limited

Notes to the Financial Statements *(continued)*

Period Ended 1st January 2022

The number of directors who accrued benefits under company pension plans was as follows:

	1 Jan 22 No.	2 Jan 21 No.
Defined contribution plans	<u>1</u>	<u>-</u>

9. Interest payable

	Period from 3 Jan 21 to 1 Jan 22 £	Period from 29 Dec 19 to 2 Jan 21 £
Interest on banks loans and overdrafts	365,446	466,825
Interest on obligations under finance leases and hire purchase contracts	195,411	204,204
Other interest payable and similar charges	<u>162,689</u>	<u>140,548</u>
	<u>723,546</u>	<u>811,577</u>

Other interest relates to discounting interest on other creditors amounts due later than 1 year.

10. Taxation on ordinary activities

Major components of tax income

	Period from 3 Jan 21 to 1 Jan 22 £	Period from 29 Dec 19 to 2 Jan 21 £
Current tax:		
UK current tax income	16,936	(623,104)
Adjustments in respect of prior periods	<u>(1,986)</u>	<u>56,736</u>
Total current tax	<u>14,950</u>	<u>(566,368)</u>
Deferred tax:		
Origination and reversal of timing differences	<u>(328,403)</u>	<u>(71,328)</u>
Taxation on ordinary activities	<u>(313,453)</u>	<u>(637,696)</u>

Nijjar Dairies Limited

Notes to the Financial Statements (continued)

Period Ended 1st January 2022

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the period is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	Period from 3 Jan 21 to 1 Jan 22 £	Period from 29 Dec 19 to 2 Jan 21 £
Loss on ordinary activities before taxation	(3,056,824)	(5,986,118)
Loss on ordinary activities by rate of tax	(583,084)	(1,129,585)
Adjustment to tax charge in respect of prior periods	(1,986)	56,736
Effect of expenses not deductible for tax purposes	177,033	461,742
Effect of capital allowances and depreciation	511,303	17,701
Utilisation of tax losses	(88,316)	(2,280)
Unused tax losses	–	88,317
Utilisation of group relief	–	(58,999)
Deferred Tax movement	(328,403)	(71,328)
Tax on loss	<u>(313,453)</u>	<u>(637,696)</u>

11. Intangible assets

Acquisitions through business combinations figure includes £3.5 million transferred from investments note 13 for The Capital Dairy Company Ltd (TCDCL). 100% of TCDCL shares were acquired during the last period by Nijjar Dairies Ltd (NDL). During the current period, trade for TCDCL was hived up to NDL.

Nijjar Dairies Limited

Notes to the Financial Statements (continued)

Period Ended 1st January 2022

11. Intangible assets (continued)

	Goodwill £	Patents, trademarks and licences £	Total £
Cost			
At 3rd January 2021	2,750,302	7,891	2,758,193
Acquisitions through business combinations	3,807,906	–	3,807,906
At 1st January 2022	<u>6,558,208</u>	<u>7,891</u>	<u>6,566,099</u>
Amortisation			
At 3rd January 2021	2,260,299	2,850	2,263,149
Charge for the period	493,652	550	494,202
At 1st January 2022	<u>2,753,951</u>	<u>3,400</u>	<u>2,757,351</u>
Carrying amount			
At 1st January 2022	<u>3,804,257</u>	<u>4,491</u>	<u>3,808,748</u>
At 2nd January 2021	<u>490,003</u>	<u>5,041</u>	<u>495,044</u>

12. Tangible assets

	Short leasehold property £	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Computer equipment £	Total £
Cost						
At 3 Jan 2021	551,507	203,226	529,305	12,347,425	1,333,714	14,965,177
Additions	13,190	5,353	310,518	46,175	47,525	422,761
Disposals	–	–	–	(111,497)	(113,589)	(225,086)
At 1 Jan 2022	<u>564,697</u>	<u>208,579</u>	<u>839,823</u>	<u>12,282,103</u>	<u>1,267,650</u>	<u>15,162,852</u>
Depreciation						
At 3 Jan 2021	513,174	94,539	217,703	7,200,074	851,596	8,877,086
Charge for the period	5,219	16,537	61,850	1,822,691	290,480	2,196,777
Disposals	–	–	–	(100,236)	(113,590)	(213,826)
At 1 Jan 2022	<u>518,393</u>	<u>111,076</u>	<u>279,553</u>	<u>8,922,529</u>	<u>1,028,486</u>	<u>10,860,037</u>
Carrying amount						
At 1 Jan 2022	<u>46,304</u>	<u>97,503</u>	<u>560,270</u>	<u>3,359,574</u>	<u>239,164</u>	<u>4,302,815</u>
At 2 Jan 2021	<u>38,333</u>	<u>108,687</u>	<u>311,602</u>	<u>5,147,351</u>	<u>482,118</u>	<u>6,088,091</u>

Nijjar Dairies Limited

Notes to the Financial Statements (continued)

Period Ended 1st January 2022

12. Tangible assets (continued)

Hire Purchase Agreements

Included within the net book value of motor vehicles is £2,256,259 (2020 - £3,580,931) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect to such assets amounted to £1,324,672 (2020 - £1,331,677)

13. Investments

	Other investments other than loans £
Cost	
At 3rd January 2021	5,374,811
Adjustments	(38,458)
Transfers	(3,507,907)
At 1st January 2022	<u>1,828,446</u>
Impairment	
At 3rd January 2021	-
Impairment Losses	176,909
At 1st January 2022	<u>176,909</u>
Carrying amount	
At 1st January 2022	<u>1,651,537</u>
At 2nd January 2021	<u>5,374,811</u>

Nijjar Dairies Limited

Notes to the Financial Statements (continued)

Period Ended 1st January 2022

13. Investments (continued)

The investments relate to ordinary shares acquired in three subsidiary companies:

	CDCL 100%	MCDL 50%	CDLL 50%	Total 100%
	£	£	£	£
Cost at 3 rd Jan 2021	4,096k	992k	287k	5,375k
Adjustments	(39k)	-	-	(39k)
Impairment	-	(177k)	-	(177k)
Transfer to Goodwill	(3,508k)	-	-	(3,508k)
Carrying amount at 1 st Jan 2022	<u>549k</u>	<u>815k</u>	<u>287k</u>	<u>1,651k</u>

£3.5million of investment was transferred to acquisition through business combinations (note 11) on hive up of trade from TCDCL to NDCL.

Name and principal activity of each company

The Capital Dairy Company Ltd (TCDCL) - Retail of milk and bread distribution
 Medina Capital Dairy Company Ltd (MCDCL) - Retail of milk and bread distribution
 The Capital Dairy Company - Lincolnshire Ltd (TCDCLL) - Retail of milk and bread distribution

The registered office address for all of the above companies is the same as their parent company, Nijjar Dairies Ltd.

14. Stocks

	1 Jan 22 £	2 Jan 21 £
Goods for resale	484,972	487,666
Consumables	209,798	139,774
	<u>694,770</u>	<u>627,440</u>

The consumables figure relates to stocks for motor parts and fuel.

15. Debtors

	1 Jan 22 £	2 Jan 21 £
Trade debtors	38,193,145	22,546,155
Amounts owed by group undertakings	2,828,631	1,297,126
Prepayments and accrued income	325,596	517,616
Directors loan account	86,769	-
Other debtors	744,821	906,838
	<u>42,178,962</u>	<u>25,267,735</u>

Nijjar Dairies Limited
Notes to the Financial Statements *(continued)*
Period Ended 1st January 2022

16. Creditors: amounts falling due within one year

	1 Jan 22	2 Jan 21
	£	£
Bank loans and overdrafts	20,510,227	16,593,786
Trade creditors	6,931,994	4,340,058
Amounts owed to group undertakings	31,232,115	14,906,580
Accruals and deferred income	921,413	1,089,392
Corporation tax	–	25,445
Social security and other taxes	230,772	1,206,407
Obligations under finance leases and hire purchase contracts	1,557,362	2,046,972
Director loan accounts	–	54,305
Other creditors	852,101	1,447,623
	<u>62,235,984</u>	<u>41,710,568</u>

The bank overdraft is secured by an unscheduled mortgage debenture incorporating a fixed and floating charge over all current and future assets of the company, along with cross group guarantees.

Invoice finance borrowing of £20,510,227 (2020 - £12,132,833) included within bank overdrafts is secured on trade debts of the company of £26,733,957 (2020 - £25,077,271).

Other creditors include the following:

A balance of £757,482 (2020 - £1,109,159) for the deferred consideration of the purchase of shares in three companies acquired during the year.

A balance of £187,151 (2020 - £181,640) which relates to an amount borrowed from Nijjar Dairies Ltd Retirement Benefit Scheme (NDLRBS) and is secured on the directors' and scheme trustees' personal property.

A balance for pension liability of £9,525 (2020 - £8,590).

17. Creditors: amounts falling due after more than one year

	1 Jan 22	2 Jan 21
	£	£
Obligations under finance leases and hire purchase contracts	569,965	2,094,737
Other creditors	4,518,962	5,065,207
	<u>5,088,927</u>	<u>7,159,944</u>

Nijjar Dairies Limited

Notes to the Financial Statements (continued)

Period Ended 1st January 2022

17. Creditors: amounts falling due after more than one year (continued)

Other creditors are made up of the following:

A balance of £4,174,883 (2020 - £4,733,976) for the deferred consideration of the purchase of shares in three companies acquired during the year. Included is an amount of £1,105,416 (2020 - £2,074,639) due after more than 5 years.

A balance of £144,080 (2020 - £331,231) which relates to the amount borrowed from NDLRBS and is secured on the directors' and scheme trustees' personal property.

The other creditors balance for the deferred consideration on shares acquired in 2020 is secured by a second charge on personal shares of the directors in a separate company (Company is not part of the group with NDL).

18. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	1 Jan 22	2 Jan 21
	£	£
Not later than 1 year	1,557,362	2,046,972
Later than 1 year and not later than 5 years	569,965	2,094,737
	<u>2,127,327</u>	<u>4,141,709</u>

19. Provisions

	Deferred tax (note 20)
	£
At 3rd January 2021 and 1st January 2022	(679,672)
Deferred tax movements	<u>(328,403)</u>
	<u>(1,008,075)</u>

20. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	1 Jan 22	2 Jan 21
	£	£
Included in provisions (note 19)	<u>(1,008,075)</u>	<u>(679,672)</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	1 Jan 22	2 Jan 21
	£	£
Accelerated capital allowances	<u>(1,008,075)</u>	<u>(679,672)</u>

Nijjar Dairies Limited

Notes to the Financial Statements (continued)

Period Ended 1st January 2022

21. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £128,682 (2021: £162,508).

22. Called up share capital

Authorised share capital

	1 Jan 22		2 Jan 21	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

Issued, called up and fully paid

	1 Jan 22		2 Jan 21	
	No.	£	No.	£
Ordinary shares of £1 each	<u>2,234</u>	<u>2,234</u>	<u>2,234</u>	<u>2,234</u>

Ordinary authorised shares are made up of 500,000 A & B shares each.

Issued Ordinary share capital broken into ordinary A & B shares of £1,117. Both A & B shareholders can appoint an equal number of directors.

23. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

24. Commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	1 Jan 22	2 Jan 21
	£	£
Not later than 1 year	<u>186,200</u>	178,686
Later than 1 year and not later than 5 years	<u>3,824,829</u>	20,813
Later than 5 years	–	4,868,934
	<u>4,011,029</u>	<u>5,068,433</u>

Nijjar Dairies Limited

Notes to the Financial Statements (continued)

Period Ended 1st January 2022

25. Directors' advances, credits and guarantees

	1 Jan 2022	2 Jan 2021
	£	£
Balance B/Fwd	54,305	7,495
Receipts	10,357	621,169
Payments	(151,431)	(574,359)
Balance C/Fwd	<u>(86,769)</u>	<u>54,305</u>

The maximum amount overdrawn during the year was £85,424 (2020 - £560,242) There was no interest charged on the overdrawn director loan account balance by the company.

Nijjar Dairies Limited
Notes to the Financial Statements *(continued)*
Period Ended 1st January 2022

26. Related party transactions

The directors are key management personnel of the company.

Exemption has been taken in respect of related party disclosure of group transactions on the grounds that details of the wholly owned subsidiaries are included in the publicly available consolidated accounts.

The following related party transactions took place during the year, with companies other than wholly owned subsidiary companies of Nijjar Holdings Limited (NHL parent company of Nijjar Dairies Ltd (NDL)).

The following transactions took place during the period between NDL and their 50% owned companies acquired during the year:

	1 Jan 2022	2 Jan 2021
	£	£
Sales made to companies	1,948,031	5,443,794
Purchases made from companies	8,550,158	3,984,571
Expenses recharged to companies	536,252	3,206,966

Related party balances at year end were:

Trade creditors owed to companies	Nil	3,234,448
Trade debtors owed by companies	Nil	235,436
Amount due from companies	Nil	2,261,937
Amount due to companies	924,341	Nil

Some of the directors and members of the Nijjar Family are trustees in a retirement benefit scheme. Rent charged to Nijjar Dairies Limited (NDL) by the scheme during the year was £214,200 (2020 - £336,701)

NDL owed £331,231 (2020 - £512,871) to the scheme for a loan.

A company with common directors charged NDL for management services during the year £594,800 (2020 - £749,000).

Nijjar group has a cross group bank overdraft facility (details of group facility on page 19).

The non-executive director of the group is a director of other companies. During the period, the companies charged NDL for business services:

	1 Jan 2022	2 Jan 2021
	£	£
Business services expensed	104,200	111,792

Nijjar Dairies Limited

Management Information

Period Ended 1st January 2022

27. Controlling party

Nijjar Holdings Ltd is the immediate parent company and Nijjar Group Holdings (Acton) Limited (both companies incorporated in England & Wales) is the ultimate parent undertaking of NDL. Copies of the group financial statements can be obtained from the Companies House website. The registered office address of the immediate and ultimate holding companies is as follows: 16 Eastman Road, The Vale, Acton, London, W3 7YG.

28. Accounting period

Due to the nature of business of the subsidiary companies of the group, business is conducted on a weekly basis. The accounts of Nijjar Dairies Limited and other group companies have been prepared up until 1st January 2022, the last Saturday of the period. The previous year was prepared up until 2nd January 2021

29. Liability limitation agreement

The company entered into a liability limitation agreement on 1st October 2020. The agreement states that an amount will be owed by the auditor to the company in respect of any negligence, default, breach of duty or breach of trust, occurring in the course of the audit of accounts, of which the auditor may be guilty in relation to the company up to the limit of £1.5 million.

30. Post balance sheet

Merger negotiations are in progress between Nijjar Group's milk processing and distributing companies (including NDL) and Medina Holdings Ltd and its subsidiaries. The merger between the two groups was approved by the Competition and Markets Authority (CMA) on 30th March 2022 and CMA decision was published on 27th May 2022. The two groups are now negotiating on the combined group structure and on other operational matters.

RSN Property Ltd, a fellow sister company, left the group in June 2022.