

Company registration number 04528177 (England and Wales)

ADF FOODS UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

ADF FOODS UK LIMITED

COMPANY INFORMATION

Directors	Mr. Bimal Thakkar Mr. Jay Mehta Mr. Chandir Gidwani
Company number	04528177
Registered office	Lynwood House 373-375 Station Road Harrow Middlesex HA1 2AW
Auditor	RDP Newmans LLP Lynwood House 373-375 Station Road Harrow Middlesex HA1 2AW

ADF FOODS UK LIMITED

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ADF FOODS UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present the strategic report for the year ended 31 March 2022.

Review of the business

The directors are satisfied with the results for the year bearing in mind the challenging year.

The company's parent undertaking is continually undertaking research and development to improve its product range.

Financial instruments

The company operates a treasury function which is responsible for managing the liquidity, foreign exchange risks, and interest risks associated with the company's activities.

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the businesses.

Interest rate risk

The company is not exposed to cash flow interest rate risk on bank overdrafts and loans as it has no external bank borrowings. Excess funds are invested as appropriate to maximise interest income.

Foreign currency risk

The company's principal foreign currency exposures arise from trading with overseas companies. The company is subject to foreign exchange risks as it sells and purchases in various countries and currencies. Company management regularly monitors its foreign exchange risk and attempts to limit such risks by managing its cash and credit positions.

Credit risk

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts where necessary.

Principal risks and uncertainties

The company faces a number of business risks and uncertainties due to prevailing challenging global market conditions. In view of this the directors are looking carefully at both existing and potential new markets.

Coronavirus pandemic risk

The directors have reviewed and adopted the company's strategy, policies and working practices to minimise the effect of Covid 19 on its operations, employees, customers and suppliers. As a result the impact of Covid 19 on the company's income and profit was minimised. The company will continue to take all the necessary action to mitigate the impact of Covid 19, and the directors are confident the pandemic will not have any significant impact on the business to continue as a going concern.

Brexit risk

The company trades with entities based in the European Union and the exit therefrom poses a risk for the company. This is mitigated by the loyal customer and supplier base with which the company has traded with for a number of years. The company management is monitoring the situation and will respond to any changes that arise.

Future developments

The directors anticipate the business environment will remain competitive. They believe that the company is in a good financial position and they remain confident that the company will improve its trading performance in the ensuing year.

ADF FOODS UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Key performance indicators

	<u>2022</u>	<u>2021</u>
Turnover (GBP)	941,382	323,038
Gross profit %	20.58%	23.46%
Net profit %	13.62%	16.98%

Financial risk management objectives and policies

The directors have taken all possible measures to ensure that its trading activities are properly controlled and only trade with customers after all the checks and processes have been completed.

Payment of creditors

The company does not follow any specified code or standard on payment practice. However, it is the company's policy to negotiate the terms with its suppliers and to ensure that they are aware of the terms of payment when business is agreed. It is the company's policy to abide by these terms.

On behalf of the board

.....
Mr. Bimal Thakkar
Director

4 August 2022

ADF FOODS UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and audited financial statements for the year ended 31 March 2022.

Principal activities

The principal activity of the company continued to be that of distribution of ethnic Indian foods.

Results and dividends

The results for the year are set out on page 9.

Preference share dividends were paid amounting to £120 (2021: £54) The directors do not recommend payment of a further dividend.

No preference dividends were paid.

Directors

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

Mr. Bimal Thakkar

Mr. Viren Merchant

(Resigned 7 June 2021)

Mr. Jay Mehta

Mr. Chandir Gidwani

Auditor

In accordance with the company's articles, a resolution proposing that RDP Newmans LLP be reappointed as auditor of the company will be put at a General Meeting.

Energy and carbon report

ADF Foods UK Limited is a parent and subsidiary undertaking and as such this matter is disclosed in the accounts of the ultimate parent company, ADF Foods Limited.

Strategic report

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

Statement of disclosure to auditor

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

On behalf of the board

.....
Mr. Bimal Thakkar
Director

4 August 2022

ADF FOODS UK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

ADF FOODS UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ADF FOODS UK LIMITED

Opinion

We have audited the financial statements of ADF Foods UK Limited (the 'company') for the year ended 31 March 2022 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections 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 contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

ADF FOODS UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ADF FOODS UK LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In 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 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.

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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

ADF FOODS UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ADF FOODS UK LIMITED

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- reviewed and tested journal entries to identify unusual transactions and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- reviewing and agreeing financial statement disclosures and testing to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and bankers.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

ADF FOODS UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ADF FOODS UK LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A R Gangola FCA (Senior Statutory Auditor)
For and on behalf of RDP Newmans LLP

4 August 2022

Chartered Accountants
Statutory Auditor

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

ADF FOODS UK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Turnover	3	941,382	323,038
Cost of sales		(747,671)	(247,265)
Gross profit		193,711	75,773
Administrative expenses		(35,541)	(15,962)
Other operating income		120	1,591
Profit before taxation		158,290	61,402
Tax on profit	6	(30,063)	(6,563)
Profit for the financial year		128,227	54,839

The profit and loss account has been prepared on the basis that all operations are continuing operations.

ADF FOODS UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	2022 £	2021 £
Profit for the year	128,227	54,839
Other comprehensive income	-	-
Total comprehensive income for the year	<u>128,227</u>	<u>54,839</u>

ADF FOODS UK LIMITED

BALANCE SHEET

AS AT 31 MARCH 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Investments	8		9,209,560		7,573,980
Current assets					
Stocks	11	129,071		3,060	
Debtors	12	190,269		60,819	
Cash at bank and in hand		53,321		42,462	
		<u>372,661</u>		<u>106,341</u>	
Creditors: amounts falling due within one year	13	<u>(166,273)</u>		<u>(28,061)</u>	
Net current assets			206,388		78,280
Net assets			<u>9,415,948</u>		<u>7,652,260</u>
Capital and reserves					
Called up share capital	14		9,223,022		7,587,441
Profit and loss reserves			192,926		64,819
Total equity			<u>9,415,948</u>		<u>7,652,260</u>

The financial statements were approved by the board of directors and authorised for issue on 4 August 2022 and are signed on its behalf by:

.....
Mr. Bimal Thakkar
Director

Company Registration No. 04528177

ADF FOODS UK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 April 2020		7,191,715	10,034	7,201,749
Year ended 31 March 2021:				
Profit and total comprehensive income for the year		-	54,839	54,839
Issue of share capital	14	395,726	-	395,726
Dividends	7	-	(54)	(54)
Balance at 31 March 2021		7,587,441	64,819	7,652,260
Year ended 31 March 2022:				
Profit and total comprehensive income for the year		-	128,227	128,227
Dividends	7	-	(120)	(120)
Issue of share capital		1,635,581	-	1,635,581
Balance at 31 March 2022		9,223,022	192,926	9,415,948

ADF FOODS UK LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	17		10,979		(9,758)
Investing activities					
Investment in subsidiaries undertakings		(1,635,581)		(395,726)	
Issue of shares		1,635,581		395,726	
Net cash used in investing activities			-		-
Financing activities					
Dividends paid		(120)		(108)	
Net cash used in financing activities			(120)		(108)
Net increase/(decrease) in cash and cash equivalents			10,859		(9,866)
Cash and cash equivalents at beginning of year			42,462		52,328
Cash and cash equivalents at end of year			53,321		42,462

ADF FOODS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

ADF Foods UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is .

1.1 Accounting convention

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

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

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

1.2 Going concern

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

1.3 Turnover

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

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

1.5 Stocks

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

ADF FOODS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

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

1.6 Cash and cash equivalents

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

1.7 Financial instruments

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

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

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

Basic financial assets

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

Other financial assets

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

Impairment of financial assets

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

ADF FOODS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

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

ADF FOODS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Current tax

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

Deferred tax

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

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

1.10 Employee benefits

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

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

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

1.11 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

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

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

ADF FOODS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

3 Turnover

	2022	2021
	£	£
Turnover analysed by class of business		
Food Products	941,382	323,038
	<u> </u>	<u> </u>

	2022	2021
	£	£
Turnover analysed by geographical market		
United Kingdom	941,382	323,038
	<u> </u>	<u> </u>

4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(355)	474
Fees payable to the company's auditor for the audit of the company's financial statements	3,500	3,500
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was 3 (2021: 3).

6 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	30,063	6,563
	<u> </u>	<u> </u>

ADF FOODS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

6 Taxation

(Continued)

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

	2022 £	2021 £
Profit before taxation	158,290	61,402
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	30,075	11,666
Tax losses used	-	(5,094)
Non taxable income	(12)	(9)
Taxation charge for the year	30,063	6,563

7 Dividends

	2022 £	2021 £
Final paid	120	54

8 Fixed asset investments

	Notes	2022 £	2021 £
Investments in subsidiaries	9	9,209,560	7,573,980

Movements in fixed asset investments

	Shares in subsidiaries £
Cost or valuation	
At 1 April 2021	7,573,980
Additions	1,635,580
At 31 March 2022	9,209,560
Carrying amount	
At 31 March 2022	9,209,560
At 31 March 2021	7,573,980

ADF FOODS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

9 Subsidiaries

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
ADF (Holdings) USA Limited	800 South Claremont Street, Suite 25. San Mateo CA 94402. United States	Distribution of fast moving consumer goods	Common stock	100.00

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

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
ADF (Holdings) USA Limited	10,740,405	(2,996)

As at 31 March 2022, ADF Holdings (USA) Limited had capital and reserves of \$14,111,775 which has been converted using the exchange rate at the balance sheet date. The company also made a loss of \$4,092 during the year which has been converted to using the average rate in the year.

10 Significant undertakings

The company also has a significant holdings in ADF Foods (USA) Limited which is a 100% subsidiary of ADF (Holdings) USA Limited:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
ADF Foods (USA) Limited	800 South Claremont Street, Suite 25. San Mateo CA 94402. United States	Distribution of fast moving consumer goods	Common stock	100.00

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

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
ADF Foods (USA) Limited	148,609	(2,356,900)

As at 31 March 2022, ADF Foods (USA) Limited had negative capital and reserves of \$3,096,721 which has been converted using the exchange rate at the balance sheet date. The company also made a profit of \$202,971 during the year which has been converted using the average rate in the year.

11 Stocks

	2022 £	2021 £
Goods for resale	129,071	3,060

ADF FOODS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

12 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	188,135	59,585
Other debtors	474	359
Prepayments and accrued income	1,660	875
	<u>190,269</u>	<u>60,819</u>

13 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	120,910	-
Corporation tax	36,626	6,563
Other creditors	63	16,202
Accruals and deferred income	8,674	5,296
	<u>166,273</u>	<u>28,061</u>

14 Share capital

	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	<u>2,085,281</u>	<u>2,085,281</u>	<u>2,085,281</u>	<u>2,085,281</u>
Preference share capital Issued and fully paid				
Preference shares of £1 each	<u>7,137,741</u>	<u>5,502,160</u>	<u>7,137,741</u>	<u>5,502,160</u>
Preference shares classified as equity			<u>7,137,741</u>	<u>5,502,160</u>
Total equity share capital			<u>9,223,022</u>	<u>7,587,441</u>

ADF FOODS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

14 Share capital

(Continued)

Ordinary shares

The ordinary shares are redeemable and have full rights in the company with respect of voting, dividend and capital distribution.

Preference shares

The preference shares do not entitle the holders to receive notice of, attend and vote at any general meeting, or to vote on resolutions of the company.

The preference shares are entitled to fixed, cumulative dividends at annual rate of 0.001% of the capital paid up on such share payable within three months of the accounting reference date in preference to any dividend declared or payable on any other class share for the time being in issue.

On winding up or other return of capital, the assets of the company available for distribution are paid to the holder of preference shares prior to the holders of ordinary shares.

The preference shares are redeemable at the company's option one year after the date of issue subject to seven days' notice.

The company may convert any preference shares into ordinary share by servicing notice in writing on the shareholder whose share is to be converted.

15 Related party transactions

The company is exempt under FRS102 paragraph 33.1A from disclosing related party transactions with other companies within the Group.

16 Ultimate controlling party

The company's ultimate parent and immediate undertaking at the balance sheet date was ADF Foods Limited, a company incorporated in India. Consolidated group financial statements of ADF Foods Limited are available from the company's corporate address at Marathon Innova, B-2/G01, Ground floor, Opp. Peninsula Corporate Park, Lower Parel, Mumbai 400 013. It is the director's view that there is no ultimate controlling party.

17 Cash generated from/(absorbed by) operations

	2022 £	2021 £
Profit for the year after tax	128,227	54,839
Adjustments for:		
Taxation charged	30,063	6,563
Movements in working capital:		
(Increase)/decrease in stocks	(126,011)	9,180
(Increase)/decrease in debtors	(129,449)	366,582
Increase/(decrease) in creditors	108,149	(446,922)
Cash generated from/(absorbed by) operations	10,979	(9,758)

ADF FOODS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

18 Analysis of changes in net funds

	1 April 2021	Cash flows	31 March 2022
	£	£	£
Cash at bank and in hand	42,462	10,859	53,321
	<u> </u>	<u> </u>	<u> </u>

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.