

Company registration number 04528177 (England and Wales)

ADF FOODS UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

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 2023

The directors present the strategic report for the year ended 31 March 2023.

Review of the business

The directors are satisfied with the results for the year.

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

Principal risks and uncertainties

The group 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. The board reviews and agrees policies for managing each of the principal risks and uncertainties facing the group and they are summarised below.

Financial instruments

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

Liquidity risk

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

Interest rate risk

The group 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 group's principal foreign currency exposures arise from trading with overseas companies. The group is subject to foreign exchange risks as it sells and purchases in various countries and currencies. Group 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.

Brexit risk

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

Development and performance

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

Key performance indicators

	<u>2023</u>	<u>2022</u>
Turnover (GBP)	13,991,872	13,278,513
Gross profit %	23.17%	22.63%
Net profit %	0.90%	4.97%

The directors recognise the above Key Performance Indicators represent the current economic climate and they are confident they have the policies and procedures in place to ensure that the results in the forthcoming year are maintained should the economic climate remain similar.

ADF FOODS UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Other performance indicators

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.

Other information and explanations

The group does not follow any specified code or standard on payment practice. However, it is the group'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 group's policy to abide by these terms.

On behalf of the board

Mr. Bimal Thakkar
Director

22 April 2024

ADF FOODS UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Principal activities

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

Results and dividends

The results for the year are set out on page 8.

Preference share dividends were paid amounting to £83 (2022: £120). The directors do not recommend payment of a final dividend.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

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. Jay Mehta
Mr. Chandir Gidwani

Auditor

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

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

Statement of disclosure to auditor

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

On behalf of the board

Mr. Bimal Thakkar
Director

22 April 2024

ADF FOODS UK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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

Disclaimer of opinion on financial statements

We were engaged to audit the financial statements of ADF Foods UK Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the group statement of comprehensive income, the group balance sheet, the parent company balance sheet, the group statement of changes in equity, the parent company statement of changes in equity, the group statement of cash flows, the parent company 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).

We do not express an opinion on the accompanying group financial statements or the parent company financial statements. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these group financial statements and the parent company financial statements.

Basis for disclaimer of opinion

We have been unable to obtain sufficient and appropriate audit evidence that sales as stated in the financial statements of the subsidiary undertaking ADF Holdings (USA) Ltd are not materially misstated. We were unable to confirm or verify by alternative means that sales included in the group statement of comprehensive income at a total amount of £11,996,932 for the year ended 31 March 2023 were not materially misstated because we were denied access to the financial information of ADF Holdings (USA) Ltd. As a result of this, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded sales and the elements making up the group statement of comprehensive income, group statement of changes in equity and group statement of cash flows.

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.

Opinions on other matters prescribed by the Companies Act 2006

Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether 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.

ADF FOODS UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ADF FOODS UK LIMITED

Matters on which we are required to report by exception

Notwithstanding our disclaimer of an opinion on the financial statements, in the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit performed subject to the pervasive limitation described above, we have not identified material misstatements in the strategic report or the directors' report.

Arising from the limitation of our work referred to above:

- We have not obtained all the information and explanations that we consider necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept by subsidiaries not visited by us.

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:

- 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.

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

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the group's financial statements in accordance with ISAs (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

Irregularities

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

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:

- 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 group 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 group, including the Companies Act 2006, taxation legislation and data protection, anti-bribery and employment;
- 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.

ADF FOODS UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ADF FOODS UK LIMITED

We assessed the susceptibility of the group'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; 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. There are inherent limitations in our audit procedures described above. 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.

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

22 April 2024

Chartered Accountants
Statutory Auditor

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

ADF FOODS UK LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Turnover	3	13,991,872	13,278,513
Cost of sales		(10,749,543)	(10,273,257)
Gross profit		3,242,329	3,005,256
Administrative expenses		(3,481,432)	(2,184,598)
Other operating income		288,405	58,342
Operating profit	4	49,302	879,000
Interest receivable and similar income	7	224	-
Interest payable and similar expenses	8	(43,964)	(19,161)
Profit before taxation		5,562	859,839
Tax on profit	9	119,816	(199,549)
Profit for the financial year		125,378	660,290

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is attributable to:

- Owners of the parent company	169,286	628,574
- Non-controlling interests	(43,908)	31,716
	125,378	660,290

ADF FOODS UK LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Goodwill	11		2,180,778		2,253,788
Tangible assets	12		816,686		239,108
			<u>2,997,464</u>		<u>2,492,896</u>
Current assets					
Stocks	15	2,637,196		3,972,495	
Debtors	16	3,191,120		3,063,515	
Cash at bank and in hand		2,143,974		2,262,464	
		<u>7,972,290</u>		<u>9,298,474</u>	
Creditors: amounts falling due within one year	17	<u>(2,624,395)</u>		<u>(2,486,576)</u>	
Net current assets			<u>5,347,895</u>		<u>6,811,898</u>
Total assets less current liabilities			<u>8,345,359</u>		<u>9,304,794</u>
Creditors: amounts falling due after more than one year	18		<u>(70,528)</u>		<u>(1,155,258)</u>
Net assets			<u><u>8,274,831</u></u>		<u><u>8,149,536</u></u>
Capital and reserves					
Called up share capital	22		9,223,022		9,223,022
Profit and loss reserves			<u>(1,156,928)</u>		<u>(1,326,131)</u>
Equity attributable to owners of the parent company			<u>8,066,094</u>		<u>7,896,891</u>
Non-controlling interests			<u>208,737</u>		<u>252,645</u>
			<u><u>8,274,831</u></u>		<u><u>8,149,536</u></u>

The financial statements were approved by the board of directors and authorised for issue on 22 April 2024 and are signed on its behalf by:

Mr. Bimal Thakkar
Director

Company registration number 04528177 (England and Wales)

ADF FOODS UK LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Investments	13		9,209,560		9,209,560
Current assets					
Stocks	15	121,611		129,071	
Debtors	16	426,237		190,269	
Cash at bank and in hand		419,427		53,321	
		<u>967,275</u>		<u>372,661</u>	
Creditors: amounts falling due within one year	17	<u>(562,372)</u>		<u>(166,273)</u>	
Net current assets			404,903		206,388
Net assets			<u>9,614,463</u>		<u>9,415,948</u>
Capital and reserves					
Called up share capital	22		9,223,022		9,223,022
Profit and loss reserves			391,441		192,926
Total equity			<u>9,614,463</u>		<u>9,415,948</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £198,598 (2022 - £128,227 profit).

The financial statements were approved by the board of directors and authorised for issue on 20 December 2023 and are signed on its behalf by:

Mr. Bimal Thakkar
Director

Company registration number 04528177 (England and Wales)

ADF FOODS UK LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Share capital £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
Balance at 1 April 2021		7,587,441	(1,954,585)	5,632,856	-	5,632,856
Year ended 31 March 2022:						
Profit for the year		-	660,290	660,290	-	660,290
Other comprehensive income:						
Amounts attributable to non-controlling interests		-	(31,716)	(31,716)	31,716	-
Total comprehensive income		-	628,574	628,574	31,716	660,290
Dividends	10	-	(120)	(120)	-	(120)
Acquisition of subsidiary		-	-	-	220,929	220,929
Other movements		1,635,581	-	1,635,581	-	1,635,581
Balance at 31 March 2022		9,223,022	(1,326,131)	7,896,891	252,645	8,149,536
Year ended 31 March 2023:						
Profit for the year		-	125,378	125,378	-	125,378
Other comprehensive income:						
Amounts attributable to non-controlling interests		-	43,908	43,908	(43,908)	-
Total comprehensive income		-	169,286	169,286	(43,908)	125,378
Dividends	10	-	(83)	(83)	-	(83)
Balance at 31 March 2023		9,223,022	(1,156,928)	8,066,094	208,737	8,274,831

ADF FOODS UK LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 April 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	10	-	(120)	(120)
Other movements		1,635,581	-	1,635,581
Balance at 31 March 2022		9,223,022	192,926	9,415,948
Year ended 31 March 2023:				
Profit and total comprehensive income		-	198,598	198,598
Dividends	10	-	(83)	(83)
Balance at 31 March 2023		9,223,022	391,441	9,614,463

ADF FOODS UK LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	27				
		2,345,547		(353,733)	
Interest paid		(43,964)		(19,161)	
Income taxes paid		(61,024)		(112,632)	
Net cash inflow/(outflow) from operating activities		2,240,559		(485,526)	
Investing activities					
Purchase of intangible assets		(205,041)		(2,392,044)	
Purchase of tangible fixed assets		(632,935)		(30,519)	
Issue of shares		-		1,635,580	
Interest received		224		-	
Net cash used in investing activities		(837,752)		(786,983)	
Financing activities					
Repayment of borrowings		(368,216)		368,216	
Repayment of bank loans		(1,141,354)		1,141,354	
Payment of finance leases obligations		(11,644)		107,652	
Dividends paid to equity shareholders		(83)		(120)	
Net cash (used in)/generated from financing activities		(1,521,297)		1,617,102	
Net (decrease)/increase in cash and cash equivalents		(118,490)		344,593	
Cash and cash equivalents at beginning of year		2,262,464		1,917,871	
Cash and cash equivalents at end of year		2,143,974		2,262,464	

ADF FOODS UK LIMITED

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

		2023		2022	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	28	402,637		10,979	
Income taxes paid		(36,637)		-	
Net cash inflow from operating activities		366,000		10,979	
Investing activities					
Proceeds from disposal of subsidiaries		-	(1,635,581)		
Issue of shares		-	1,635,581		
Interest received		189	-		
Net cash generated from/(used in) investing activities		189		-	
Financing activities					
Dividends paid to equity shareholders		(83)	(120)		
Net cash used in financing activities		(83)		(120)	
Net increase in cash and cash equivalents		366,106		10,859	
Cash and cash equivalents at beginning of year		53,321		42,462	
Cash and cash equivalents at end of year		419,427		53,321	

ADF FOODS UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

ADF Foods UK Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Lynwood House, 373-375 Station road, Harrow, Middlesex, UK, HA1 2AW.

The group consists of ADF Foods UK Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

The subsidiary prepares financial statements in US dollars, the financial statements were translated into sterling for the purpose of the consolidation.

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

1.2 Business combinations

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

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

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company ADF Foods UK Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 March 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

ADF FOODS UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group 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.

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT 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.

1.6 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.7 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.8 Tangible fixed assets

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

ADF FOODS UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

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

Leasehold land and buildings	lesser of the lease term or life of asset
Plant and equipment	5 year straight line
Fixtures and fittings	7 year straight line
Computers	5 year straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.9 Fixed asset investments

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

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

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

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

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

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

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

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

1.10 Borrowing costs related to fixed assets

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

ADF FOODS UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.11 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.12 Stocks

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

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

1.13 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.

1.14 Financial instruments

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

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

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

ADF FOODS UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

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.

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

ADF FOODS UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Other financial liabilities

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 group's contractual obligations expire or are discharged or cancelled.

1.15 Equity instruments

Equity instruments issued by the group 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 group.

1.16 Taxation

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

Current tax

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

Deferred tax

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

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

1.17 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.

ADF FOODS UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.18 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

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

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

In the directors view, there are no significant judgements or estimates made.

3 Turnover and other revenue

	2023	2022
	£	£
Turnover analysed by class of business		
Food products	13,991,872	13,278,513
	<u>13,991,872</u>	<u>13,278,513</u>
	2023	2022
	£	£
Turnover analysed by geographical market		
United Kingdom	1,994,940	941,382
United States	11,996,932	12,337,131
	<u>13,991,872</u>	<u>13,278,513</u>

ADF FOODS UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

3 Turnover and other revenue (Continued)

	2023	2022
	£	£
Other revenue		
Interest income	224	-
Sundry income	174,401	58,342
Rent receivable	114,004	-
	<u> </u>	<u> </u>

4 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(173,370)	(273,900)
Research and development costs	-	705
Depreciation of owned tangible fixed assets	29,806	4,939
Depreciation of tangible fixed assets held under finance leases	25,551	7,574
Amortisation of intangible assets	278,051	138,257
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2023	2022
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	11,000	3,500
	<u> </u>	<u> </u>
For other services		
All other non-audit services	1,250	330
	<u> </u>	<u> </u>

6 Employees

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

	Group 2023 Number	2022 Number	Company 2023 Number	2022 Number
Directors	3	3	3	3
Administration and marketing	21	21	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	24	24	3	3
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

ADF FOODS UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

6 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Wages and salaries	965,975	579,985	-	-
Social security costs	101,390	40,556	-	-
	<u>1,067,365</u>	<u>620,541</u>	<u>-</u>	<u>-</u>

7 Interest receivable and similar income

	2023 £	2022 £
Interest income		
Interest on bank deposits	224	-
	<u>224</u>	<u>-</u>

	2023 £	2022 £
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	224	-
	<u>224</u>	<u>-</u>

8 Interest payable and similar expenses

	2023 £	2022 £
Interest on financial liabilities measured at amortised cost:		
Other interest on financial liabilities	39,702	17,717
Other finance costs:		
Interest on finance leases and hire purchase contracts	4,262	1,444
Total finance costs	<u>43,964</u>	<u>19,161</u>

9 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	44,615	30,063
Adjustments in respect of prior periods	(8,313)	-
Total UK current tax	<u>36,302</u>	<u>30,063</u>
Foreign current tax on profits for the current period	24,387	112,262
Total current tax	<u>60,689</u>	<u>142,325</u>

ADF FOODS UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

9 Taxation (Continued)

	2023 £	2022 £
Deferred tax		
Origination and reversal of timing differences	(180,505)	57,224
	<u> </u>	<u> </u>
Total tax (credit)/charge	(119,816)	199,549
	<u> </u>	<u> </u>

The actual (credit)/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:

	2023 £	2022 £
Profit before taxation	5,562	859,839
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	1,057	163,369
Adjustments in respect of prior years	(8,313)	-
Permanent capital allowances in excess of depreciation	7,016	(34,558)
Amortisation on assets not qualifying for tax allowances	52,830	26,269
Deferred tax	(180,505)	57,224
Foreign tax	8,199	(12,755)
Other	(100)	-
	<u> </u>	<u> </u>
Taxation (credit)/charge	(119,816)	199,549
	<u> </u>	<u> </u>

10 Dividends

	2023 £	2022 £
Recognised as distributions to equity holders:		
Final paid	83	120
	<u> </u>	<u> </u>

ADF FOODS UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

11 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 April 2022	2,392,045
Additions	205,041
At 31 March 2023	2,597,086
Amortisation and impairment	
At 1 April 2022	138,257
Amortisation charged for the year	278,051
At 31 March 2023	416,308
Carrying amount	
At 31 March 2023	2,180,778
At 31 March 2022	2,253,788

The company had no intangible fixed assets at 31 March 2023 or 31 March 2022.

12 Tangible fixed assets

Group	Leasehold land and buildings	Assets under construction	Plant and equipment	Fixtures and fittings	Computers	Total
	£	£	£	£	£	£
Cost						
At 1 April 2022	57,052	-	187,388	10,076	4,902	259,418
Additions	3,497	611,007	-	18,431	-	632,935
At 31 March 2023	60,549	611,007	187,388	28,507	4,902	892,353
Depreciation and impairment						
At 1 April 2022	-	-	12,353	3,064	4,893	20,310
Depreciation charged in the year	9,337	-	41,746	4,265	9	55,357
At 31 March 2023	9,337	-	54,099	7,329	4,902	75,667
Carrying amount						
At 31 March 2023	51,212	611,007	133,289	21,178	-	816,686
At 31 March 2022	57,052	-	175,035	7,012	9	239,108

ADF Foods UK Limited had no tangible fixed assets at 31 March 2023 or 31 March 2022.

ADF FOODS UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

12 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2023 £	2022 £	Company 2023 £	2022 £
Plant and equipment	81,568	107,119	-	-

As of 31 March 2023 assets under construction of £611,007 (2022: £nil) have been incurred in connection with the build out of a warehouse freezer.

13 Fixed asset investments

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Investments in subsidiaries	14	-	-	9,209,560	9,209,560

Movements in fixed asset investments

Company

Shares in
subsidiaries
£

Cost or valuation

At 1 April 2022 and 31 March 2023

9,209,560

Carrying amount

At 31 March 2023

9,209,560

At 31 March 2022

9,209,560

14 Subsidiaries

Details of the company's subsidiaries at 31 March 2023 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect	
ADF Holdings (USA) Ltd	800 South Claremont Street, Suite 25. San Mateo CA 94402. United States	Distribution of fast moving consumer goods	Common stock	100.00	-
ADF Foods (USA) Ltd	3675 Crestwood Parkway NW, Suite 350, Duluth, GA, 30096, United States	Distribution of fast moving consumer goods	Common stock	-	100.00
Vibrant Foods New Jersey LLC	8 Progress Street, Edison, New Jersey, 08820 United States	Distribution of fast moving consumer goods	Common stock	-	70.00

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

ADF FOODS UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

14 Subsidiaries (Continued)

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
ADF Holdings (USA) Ltd	9,599,851	(114,352)
ADF Foods (USA) Ltd	(2,740,420)	(497,637)
Vibrant Foods New Jersey LLC	662,131	(155,136)

15 Stocks

	Group 2023 £	2022 £	Company 2023 £	2022 £
Finished goods and goods for resale	2,637,196	3,972,495	121,611	129,071

16 Debtors

	Group 2023 £	2022 £	Company 2023 £	2022 £
Amounts falling due within one year:				
Trade debtors	2,340,875	1,790,835	419,952	188,135
Other debtors	4,625	575,152	4,625	474
Prepayments and accrued income	211,838	248,654	1,660	1,660
	<u>2,557,338</u>	<u>2,614,641</u>	<u>426,237</u>	<u>190,269</u>
Amounts falling due after more than one year:				
Other debtors	82,691	78,288	-	-
Deferred tax asset (note 21)	551,091	370,586	-	-
	<u>633,782</u>	<u>448,874</u>	<u>-</u>	<u>-</u>
Total debtors	<u>3,191,120</u>	<u>3,063,515</u>	<u>426,237</u>	<u>190,269</u>

ADF FOODS UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

17 Creditors: amounts falling due within one year

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans	19	-	98,076	-	-
Obligations under finance leases	20	25,480	21,447	-	-
Other borrowings	19	-	368,216	-	-
Trade creditors		2,244,271	1,753,208	504,264	120,910
Corporation tax payable		36,291	36,626	36,291	36,626
Other creditors		11,521	11,252	83	63
Accruals and deferred income		306,832	197,751	21,734	8,674
		<u>2,624,395</u>	<u>2,486,576</u>	<u>562,372</u>	<u>166,273</u>

18 Creditors: amounts falling due after more than one year

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans and overdrafts	19	-	1,043,278	-	-
Obligations under finance leases	20	70,528	86,205	-	-
Other creditors		-	25,775	-	-
		<u>70,528</u>	<u>1,155,258</u>	<u>-</u>	<u>-</u>

19 Loans and overdrafts

	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans	-	1,141,354	-	-
Other loans	-	368,216	-	-
	<u>-</u>	<u>1,509,570</u>	<u>-</u>	<u>-</u>
Payable within one year	-	466,292	-	-
Payable after one year	-	1,043,278	-	-
	<u>-</u>	<u>1,509,570</u>	<u>-</u>	<u>-</u>

The bank borrowings and other loans of £nil (2022: £1,509,570) are secured by way of a charge on all accounts receivables and inventories of ADF Holdings (USA) Ltd and its subsidiaries. The loans were originally taken in January 2022 with a repayment period of 48 months but were fully repaid on 10 January 2023.

ADF FOODS UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

20 Finance lease obligations

	Group 2023 £	2022 £	Company 2023 £	2022 £
Future minimum lease payments due under finance leases:				
Within one year	25,480	21,447	-	-
In two to five years	70,528	86,205	-	-
	<u>96,008</u>	<u>107,652</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Assets 2023 £	Assets 2022 £
Tax losses	<u>551,091</u>	<u>370,586</u>

ADF Foods UK Limited has no deferred tax assets or liabilities.

Movements in the year:	Group 2023 £	Company 2023 £
Asset at 1 April 2022	(370,586)	-
Credit to profit or loss	(180,505)	-
Asset at 31 March 2023	<u>(551,091)</u>	<u>-</u>

The deferred tax asset set out above is expected to reverse and relates to the utilisation of tax losses against future expected profits.

22 Share capital

Group and company Ordinary share capital Issued and fully paid	2023 Number	2022 Number	2023 £	2022 £
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>

ADF FOODS UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

22 Share capital

(Continued)

	2023 Number	2022 Number	2023 £	2022 £
Preference share capital				
Issued and fully paid				
Preference shares of £1 each	7,137,741	7,137,741	7,137,741	7,137,741
Preference shares classified as equity			7,137,741	7,137,741
Total equity share capital			9,223,022	9,223,022

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.

23 Operating lease commitments

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Within one year	693,129	598,370	-	-
Between two and five years	2,986,789	2,578,456	-	-
In over five years	2,082,419	2,545,333	-	-
	5,762,337	5,722,159	-	-

ADF FOODS UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

24 Related party transactions

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

During the year, commissions were paid to the ADF Holdings (USA) Ltd group President & CEO amounting to £383,509 (2022: £331,530), of which £51,658 (2022: £36,085) were payable as at the balance sheet date.

During the year management fees of £123,025 (2022: £63,812) were paid to a minority member of Vibrant Foods New Jersey LLC (a subsidiary company).

25 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. Penninsula Corporate Park, Lower Parel, Mumbai 400 013.

26 Non controlling interests

Non controlling interests represents a 30% holding in Vibrant Foods New Jersey LLC, a Limited Liability Company registered in New Jersey USA.

27 Cash generated from/(absorbed by) group operations

	2023 £	2022 £
Profit for the year after tax	125,378	660,290
Adjustments for:		
Taxation (credited)/charged	(119,816)	199,549
Finance costs	43,964	19,161
Investment income	(224)	-
Amortisation and impairment of intangible assets	278,051	138,257
Depreciation and impairment of tangible fixed assets	55,357	12,513
Movements in working capital:		
Decrease in stocks	1,335,299	242,279
Decrease/(increase) in debtors	52,900	(1,588,699)
Increase/(decrease) in creditors	574,638	(37,083)
Cash generated from/(absorbed by) operations	2,345,547	(353,733)

ADF FOODS UK LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

28 Cash generated from operations - company

	2023 £	2022 £
Profit for the year after tax	198,598	128,227
Adjustments for:		
Taxation charged	36,302	30,063
Investment income	(189)	-
Movements in working capital:		
Decrease/(increase) in stocks	7,460	(126,011)
Increase in debtors	(235,968)	(129,449)
Increase in creditors	396,434	108,149
Cash generated from operations	402,637	10,979

29 Analysis of changes in net funds - group

	1 April 2022 £	Cash flows £	31 March 2023 £
Cash at bank and in hand	2,262,464	(118,490)	2,143,974
Borrowings excluding overdrafts	(1,509,570)	1,509,570	-
Obligations under finance leases	(107,652)	11,644	(96,008)
	645,242	1,402,724	2,047,966

30 Analysis of changes in net funds - company

	1 April 2022 £	Cash flows £	31 March 2023 £
Cash at bank and in hand	53,321	366,106	419,427

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.