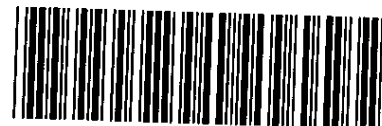


Company Registration No. 02407688 (England and Wales)

**FLYING TRADE GROUP PLC**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2021**

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# FLYING TRADE GROUP PLC

## COMPANY INFORMATION

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<b>Directors</b>	S S Dulai H S Dulai
<b>Secretary</b>	S S Dulai
<b>Company number</b>	02407688
<b>Registered office</b>	Europa House Europa Way Parkston Harwich Essex CO12 4PT
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants Third Floor Priory Place New London Road Chelmsford CM2 0PP

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# FLYING TRADE GROUP PLC

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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The directors present the strategic report for the year ended 31 December 2021.

#### **Review of business and future developments**

Turnover during the year is £162.07m (2020: £170.46m) and total comprehensive income after tax is £11.45m (2020: £5.86m). The Group's income before tax includes £ 3.14m (2020: Nil) as fair value gain to its investment properties.

The group's UK food business recorded a decrease of 13.96% revenue in the year but maintained its profit figure as part of the business strategy to counter global supply chain inflation by optimising its product mix. The COVID restrictions during first half of 2021 resulted in diminished demand from hospitality and food service sector. BREXIT implementation affected trade with EU due to cross border trade compliance, however, the business continued its European trade in accordance with the new UK EU Trade Agreement. Logistically availability of HGV drivers has been a major challenge across industries after BREXIT and the business is periodically monitoring the developments and taking timely actions to maintain a sustainable supply chain of its products. Rice, Frozen foods along with other world foods continued to be the strongest sectors of business for the company and together with better commercial planning with its customers the business shall continue to expand its customer base and increase sales to existing customers.. The company continues to work with strategic brands and distribution agreements in World Foods sector to develop business. The Group's India Food Business achieved external revenue of £8.30m in 2021 (2020: £6.55m) which catered global businesses.

The group started using of renewable supply of electricity for its foods business and most of hotels sites in UK. The UK foods has also initiated migration towards recyclable packaging for its products in addition to maintaining an eco-friendly, low emission efficient fleet as part of its contribution to the environmental responsibility. The Group subsidiary Flying Trade Limited has published in its accounts its Energy and Carbon Report.

The group's hotel business turnover for the year is £18.31m (2020: £11.41m) and achieved Profit after tax £2.29m (2020 Loss: £0.04m). The company completed its investment in the refurbishment program of its George Hotel and it reopened in May 2021. The reason for the longer refurbishment period of over 2 years being preserving the historic value of the Hotel and also COVID interruption delaying the plan. The business increased revenue during the year was due to less lockdowns and restrictions in 2021 compared to 2020 and also due to reopening of the George Hotel.

The company's Castle House Norwich Residential Development Project which got delayed by COVID has completed 92% of sales as on date of this report and is expected to complete all sales by July 2022. The other development projects of the company are inline with their respective schedule of works. The Directors periodically review the progress and strategy of the property business to ensure the group continue to maintain a profitable property portfolio.

The business takes this opportunity to acknowledge the dedication and loyalty of our staff. They have worked with great energy, enthusiasm and commitment to customer satisfaction throughout the year and with the restrictions imposed under COVID. We are confident that their efforts will continue to make the Group's business a further success.

The Group published its Modern Slavery Statement as part of its responsibility and obligation to ensure there is no human trafficking and slavery in its supply chain.

#### **COVID pandemic statement**

##### **a. Foods Business**

The company continues to be impacted with the lingering effects of the COVID pandemic in terms of supply chain issues globally, availability of manpower for harvest, production and distribution. The global shipping rates have been all time high since the last quarter of 2020 due to the containers congestion at global ports and are causing an inflation to the food prices. Further, availability of containers continues to be a challenge due to the congestion impacting service levels.

# FLYING TRADE GROUP PLC

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### **COVID pandemic statement (continued)**

The senior management of the company is periodically reviewing the entire supply chain cycle to ensure minimal disruption to its business and ensure an efficient supply of food products to its customers operating under the government guidance and regulations. The business has invested in increased stockholding to ensure sufficient stocks cover to counter any port closures or port congestions.

#### **b. Hotels, Leisure and Property**

The hotels and leisure business suffered a significant setback with the Coronavirus pandemic. The various lockdowns and in between restricted business periods has adversely impacted the industry, however, the business is continuously evaluating the situation and commits to provide best possible services under Government guidelines.

The business understands that there is a lingering impact of pandemic having still an impact on the trade and earning capacity. As part of the counter strategy the business is working with optimised cost efficiencies and achieve its budgets. However, the situation remains fluid and is being constantly monitored by the Board of Directors and the senior management team.

The company used the furlough scheme and council grants of the government during the period of pandemic restrictions.

The property development business is affected by a combined lingering affect of COVID, BREXIT and inflationary supply chain resulting in longer lead times in sourcing building materials and availability of labour for projects. The business is working with its trade partners and contractors regularly to ensure that any impact is not material to the business and is temporary.

#### **Corporate Social Responsibility (CSR) project**

The business maintained its CSR project Claudius Gateway at Colchester. The primary operational objectives for Claudius Gateway, is to raise awareness and share the historic findings dating back to AD60 with the community and tourists alike – along with raising revenues for World Food Aid Ltd – a registered charity. This museum project showcases one of the largest European archaeological find to date.

The business continued to support World Food Aid Ltd, a UK-based charity that has been working to help, save and improve the millions of lives all around the world affected by starvation. Since inception, the main fundraising activity for World Food Aid has been conducted through Surya Food's leading Laila basmati rice brand under the banner of 'Rice for Life' campaigns and in partnership with other established charities who are working to alleviate the hunger crisis.

The COVID pandemic restrictions impacted the aforesaid activities, however, the business as on date of this report is assuming its normal CSR project work with the UK economy reopening fully from restrictions.

#### **Principal risks and uncertainties**

The COVID pandemic is the biggest risk and uncertainty that continues to loom over the world which has been addressed above separately.

There are a number of risks and uncertainties that can impact the performance of the company which are beyond the control of the company and its directors. These relate to general economic conditions, currency fluctuations, interest rates, and business confidence levels and imports and exports rules regarding food products.

The World Foods market is significantly reliant on shipping industry and availability of containers. The sharp increase in shipping has caused an inflationary increase to the world foods prices and temporary disruptions to supplies due to ports congestion. However, the business based on its strong relations within the shipping industry is meeting its supply chain requirements and anticipate any affect to be temporary.

# FLYING TRADE GROUP PLC

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### Principal risks and uncertainties (continued)

The Hotels business continues to constantly monitor the volatile conditions and has demonstrated in last 2 years its ability to quickly adapt to neutralising plan to counter any major restrictions caused by the aforesaid risks.

The group continued to strengthen the IT systems and network and develop business applications and reporting platform to drive efficiencies in business. The group has an in-house IT team and a recovery plan for any IT major failure which may cause temporary disturbance of operations but doesn't anticipate any significant impact.

The directors monitor the liquidity risk of the business by reference to debt serviceability (see key performance indicators section) and ensuring that there is sufficient headroom to cope with any unforeseen circumstances in the business.

#### Financial risk management

The group's financial risk management objective is broadly to seek to make neither profit nor loss from exposure to currency. The group does not use hedge accounting. Interest rates are fixed or sourced at best rate available. Loans are only ventured into when internal funding is not available. The group's exposure to the price risk of financial instruments is therefore minimal. The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or profits.

#### Key performance indicators

The directors and group continually review results and measure if results have achieved the group's strategies and objectives. The group use a number of key performance indicators ("KPI") to monitor the business such as sales, profit before tax, Debt/EBIDTA, Debt serviceability etc.

	£ in Mn		
	2021	2020	Inc /(Dec) %
Foods	143.10	158.29	(9.60%)
Hotels & Leisure	18.28	11.40	60.35%
Property	0.69	0.77	(10.39%)
<b>Revenue</b>	<b>162.07</b>	<b>170.46</b>	<b>(4.92%)</b>
<b>Profit after tax</b>	<b>11.25</b>	<b>5.98</b>	<b>88.07%</b>
Borrowings	47.32	44.97	
EBIDTA	14.12	10.72	
<b>Debt /EBIDTA</b>	<b>3.35x</b>	<b>4.19x</b>	
<b>Debt Serviceability</b>	<b>5.15x</b>	<b>4.83x</b>	

The group's revenue movements have been explained in the earlier business review section of this report. The Net profit after tax increased by £ 5.59 Mn for the year which included a £ 3.13 Mn arising from the increase in fair value of the group's investment properties. However, the group's EBIDTA increased by £ 3.4 Mn during the year which improved the company's Debt/EBIDTA and Debt Serviceability ratio.

In addition to the financial KPIs, the company holds regular review on other areas such as Health and Safety matters, staff training, operating procedures and customer satisfaction. The review of such indicators has helped to improve the effectiveness of the company in order to achieve its targets and we are pleased to report that significant progress is being made.

# FLYING TRADE GROUP PLC

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### Directors duties

The directors of the Group are required to act in accordance with a set of general duties which are detailed in Section 172 of the UK Companies Act 2006. A director of the company must act in a way that they consider in good faith will promote the success of the company and benefit of its shareholders and in doing so have regard to:

- Likely consequences of the decisions in long term
- Interests of its employees
- Requirement of promoting business relationship with suppliers and customers
- Impact of its operations on community and environment
- *Maintaining high standards of business conduct.*

#### Decision making and risk management

The directors of the company manage the consequences of the business decisions through collaborative working with the senior management team in identifying and measuring potential risks and implementing strategy to monitor and mitigate them. There are regular executive management meetings to review the business risks like monitoring currency risks, interest rate risks, credit and liquidity risks. The business has spread the risks by dealing with multiple banking partners, wide and well spread customer, supplier and products base, and a well spread hotels and properties.

#### Interests of employees

The Group believes in one team one direction and consider its employees as the heart of the business. The business has a high staff retention rate with many employees having worked with us for many years. The passion and attitude of our staff, who go above and beyond in their day to day work, is what truly sets us apart. The company culture supports and nurtures personal development and we believe in investing in our staff to facilitate promotion within the group, to ensure a first step with us always brings further opportunities.

#### Business relationships

The Group treats its suppliers and customers as partners and key to the success. The business believes in building a wider and spread out supply chain so as to minimise the risks of dependence. The business fosters long term relationships with its supplier and customer and a collaborative working methodology to ensure highest quality standards in its supply chain which proven to beneficial for the business over years.

#### Community and environment

The Group's Food distribution business continues to work closely with World Food Aid Ltd, an international UK based registered charity that has been working to help, save and improve lives affected by starvation. Surya Foods has helped in fundraising for the charity and also assisted in its charitable programmes.

The business continues to invest into environment friendly fleet, lighting and implementing the recommendations of Energy Savings Options Scheme. Use of renewable electricity and initiative to migrate to recyclable packaging are part of the company's environment drive.

#### High standard of business conduct

The business has clear and defined business processes and policy documents across all functions so as to maintain the highest standards of conduct. HR policies and periodic review, Quality and HSE rules and regular audits are undertaken to monitor and maintain highest discipline. The Foods Company has BRC and FEMAS accreditation and ensures that its supply chain follows laid out SOPs to maintain its conduct standards.

On behalf of the board



H S Dulai  
Director

Date: 29/06/2022

# FLYING TRADE GROUP PLC

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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The directors present their report and financial statements for the year ended 31 December 2021.

#### Principal activities

The principal activity of the company in the year under review was that of a holding and property investment company.

The principal activities of the group in the year under review were those of a world foods company and operator of hotels and bars.

#### Results and dividends

The profit for the year, after taxation and minority interests, amounted to £11,203,037 (2020: £5,959,702).

*The total distribution of dividends for the year ended 31 December 2021 was £82,500 (2020: £82,500). The directors do not recommend 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:

S S Dulai

H S Dulai

A Chatrath

(Resigned 14 April 2021)

#### Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### Disabled persons

The group gives full and fair consideration to the employment of disabled persons, having regard to their particular aptitudes and abilities. Continuing employment and training is provided wherever possible for any employee, who, for any reason, becomes disabled.

#### Employee involvement

Employee involvement is systematically provided by the use of meetings and e-mail correspondence. Employees are encouraged to provide feedback and give their views to management as the need arises. Staff are kept informed of the financial and economic factors affecting the group's performance by the above means.

#### Auditor

RSM UK Audit LLP, Chartered Accountants, have indicated their willingness to continue in office.

#### Energy and carbon reporting

##### Introduction

The group is classified as a large unquoted company under the definitions set in Section 465 and 466, Chapter 15 of the Companies Act 2006, it needs to comply with the new government legislation implemented by The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations") on Streamlined Energy and Carbon Reporting (SECR).

To fulfil this, the group has measured its UK energy in order to calculate the greenhouse gas (GHG) emissions as classified within Scope 1, 2 and mandatory elements of Scope 3 emissions of the Streamlined Energy and Carbon Reporting (SECR) regulations, which are presented in tables 1, 2 and 3 as these are material to our organisation's activities.

# FLYING TRADE GROUP PLC

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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This reporting is given in respect of Flying Trade Limited, being the only large company in the group required to provide SECR and therefore the only company required to be included within the consolidated financial statements.

#### Organisational boundaries

The group's structural and operational boundaries (in so far as relevant to SECR reporting) are the same and is a World Foods products business. The business operates from an office and warehouse/ production in Harwich at the following address:

- Europa House 4 Europa Way, Parkstone, Harwich, Essex, CO12 4PT

The group also operate two cash and carries located at:

- 253, 254 Water Rd, Wembley, London HA0 1HX
- Halberton St, Smethwick, Birmingham B66 2QP

#### Reporting period

1st January 2021 – 31st December 2021, corresponding with the group financial period.

#### Reasons for change in emissions

This is the second year of reporting under SECR. The current gross emissions compared to the base year (1st January 2020 – 31st December 2020) have decreased by 675 tonnes of CO<sub>2</sub>e, which accounts for a 24% decrease. The main factor causing this decrease in emissions is associated with the reduction of emissions for electricity consumption. The electricity consumed by another legal entity (Surya Rice) was included in the report for the base year 2020. However this year only the electricity charged to Flying Trade Ltd has been accounted.

#### Business travel

Activities relating to travel are limited to company-owned vehicles and employee-owned vehicles for business use.

#### Quantification and reporting methodology

HM Government Environmental Reporting Guidelines: including streamlined energy and carbon reporting guidance (March 2019) has been used for the collation of data sources and reporting of emissions. UK Government GHG Conversion Factors for Company Reporting has been used for the reporting of emissions, using the 2021 version.

#### Operational scope

Measurements include mandatory scope 1, 2, and 3 emissions. Negligible estimates have been made with the collation of data. Additionally, optional emissions from liquid fuels for stationary combustion, electricity transmission and distribution losses, and refrigeration gasses have been included in the report.

#### Exclusions

There are no data exclusions in this reporting period.

#### Base year

The base year is January 2020 – December 2020 and the gross reported emissions during that period were 2,791 tonnes of CO<sub>2</sub>e. The emissions for the current period show a decrease (24%) regarding the base year for reasons set out above.

#### Intensity measurement

The reporting metric chosen are gross scope 1, 2, and 3 emissions in tonnes per £100,000 of turnover and gross scope 1, 2, and 3 emissions in tonnes per full-time employee. The intensity measurements will be reported each year, with a comparison made against the previous year's performance.

#### Carbon offsetting

Carbon offsetting from electricity purchased under green supply contracts since October 2021 has been considered in this report.



# FLYING TRADE GROUP PLC

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

**Table 1: Total energy consumption and associated greenhouse gas emissions from Scope 1, 2 and 3 for SECR Year 1 reporting period**

SCOPE 1 CO2e (tonnes)	% estimated	Specific exclusions (%)	2020	2021
Propane and LPG	0	None	166.2	182.5
Company owned transport	0	None	0.0	521.5
Red diesel	0	None	98.7	109.1
Bulk Diesel	0	None	1,511.2	965.4
<b>Total Scope 1</b>	<b>0</b>		<b>1,776.1</b>	<b>1,778.6</b>
SCOPE 2 CO2e (tonnes)	% estimated	Exclusions		
Electricity	0	None	857.0	300.3
<b>Total Scope 2</b>	<b>0</b>		<b>857.0</b>	<b>300.3</b>
SCOPE 3 CO2e (tonnes)	% estimated	Exclusions		
Private transport for business purposes	0	None	157.9	36.9
<b>Total Scope 3 CO2e (tonnes)</b>			<b>157.9</b>	<b>36.9</b>
<b>TOTAL CO2e Scope 1, 2, 3 Gross emissions (tonnes)</b>			<b>2,791.0</b>	<b>2,115.7</b>
Intensity Metric Measure (£100,000 of turnover)			1,521.4	1,309.1
Intensity Metric Measure (full time employees)			195.0	183.0
<b>Intensity Metric (Gross emissions) tCO2e/ £100,000 of turnover</b>			<b>1.834</b>	<b>1.616</b>
<b>Intensity Metric (Gross emissions) tCO2e/full time employee</b>			<b>14.313</b>	<b>11.561</b>
Energy Consumption		Exclusions		
<b>kWh</b>		<b>As above</b>	<b>11,466,119</b>	<b>8,836,21</b>
Intensity Metric (Net Emissions)				
Carbon offsets			0.00	74.64
<b>TOTAL CO2e Scope 1, 2, 3 Net emissions (tonnes)</b>			<b>2,791.00</b>	<b>2,041.10</b>
<b>Intensity Metric (Net emissions) tCO2e/ £100,000 of turnover</b>			<b>1.834</b>	<b>1.559</b>
<b>Intensity Metric (Net emissions) tCO2e/full time employee</b>			<b>14.313</b>	<b>11.154</b>

#### Energy efficiency actions

In the financial period, 2021 Flying Trade Ltd has helped to minimise energy consumption by:

- Starting a renewable supply of electricity across locations leading to reduction of emissions.
- Optimizing the operational load capacity usage of outgoing deliveries (HGV).
- Initiating the migration towards recyclable packaging for primary packaging.

#### Intensity ratio & significant change

To compare the emissions efficiency of the business year on year as the business changes, metrics have been used to analyse emissions and measure progress. These intensity metrics considered are £100,000 of turnover and full-time employees.

There is a decrease in the gross emissions per £100,000 of turnover (-12%) and per full-time employee (-19%). The main factor causing this decrease in emissions is associated with the reduction of emissions for electricity consumption. The electricity consumed by another legal entity (Surya Rice) was included in the report for the base year 2020. However this year only the electricity charged to Flying Trade Ltd has been accounted.

# FLYING TRADE GROUP PLC

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

	2020	2021
Gross tCO2e per £100,000 of turnover	1.834	1.616
Net tCO2e per £100,000 of turnover	1.834	1.559
Change (%)	0	-12%

	2020	2021
Gross tCO2e per full-time employee	14.313	11.561
Net tCO2e per full-time employee	14.313	11.154
Change (%)	0	-19%

### Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the group's auditor is unaware. Additionally, the directors 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 group's auditor is aware of that information.

### Matters of strategic importance

Future development and financial risk exposure information is not shown within the Directors' Report as it is instead included within the Strategic Report on pages 1 to 4 under S414c(11).

### Going concern

At the time of approving the financial statements, based on forecasts prepared and facilities available, the directors have a reasonable expectation that the group and the company have adequate resources to continue in operational existence for at least 12 months from the date that these accounts are signed. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

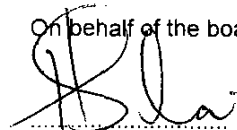
The directors have considered the challenges faced by the foods business of the group with regards to restricted and costlier availability of resources in global supply chain, the lingering effect of COVID pandemic, impact of Russia invasion of Ukraine and inflationary challenges in food and energy sector. The group has invested in *increased level of stockholding to counter these challenges and to manage an uninterrupted supply chain.*

The directors have also considered the lingering economic effect of the COVID pandemic situation in its hospitality business and are confident to maintain its positive cashflows and budgets for at least 12 months from the date that these accounts are signed.

The group continues to work closely with suppliers, customers, and bankers to be in a strong position to take advantage of opportunities going forward. The Group continues to manage its banking relationships and its bank loans and overdrafts are secured via group wide cross guarantees and/or charges over specific group properties.

Consequently, the directors are confident that the company and group will have sufficient funds to continue to meet its liabilities as they fall due for a period of at least 12 months from the date of the approval of the financial statements.

On behalf of the board



H S Dulai  
Director

Date: 29/06/2022

# FLYING TRADE GROUP PLC

## DIRECTORS' RESPONSIBILITIES STATEMENT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial 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 financial statements; and
- *prepare the financial statements 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLYING TRADE GROUP PLC**

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### **Opinion**

We have audited the financial statements of Flying Trade Group Plc (the 'parent company') and its subsidiaries (the 'group') for the the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent 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 group's or the parent 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.

### **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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLYING TRADE GROUP PLC (CONTINUED)**

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### **Matters on which we are required to report by exception**

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 9, 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 group's and 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 group or 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 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 the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team and component auditors:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLYING TRADE GROUP PLC (CONTINUED)

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As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inspecting correspondence with local tax authorities where relevant.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety and food safety. We performed audit procedures to inquire of management whether the group is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities including completing searches for any reportable health and safety incidents in the public domain.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the consolidated financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our group audit approach.

A further description of our responsibilities for the audit of the financial statements is located 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.

*Kerry Norman*

Kerry Norman (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Third Floor  
Priory Place  
New London Road  
Chelmsford  
CM2 0PP

.....  
30/6/2022

# FLYING TRADE GROUP PLC

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	162,074,012	170,458,356
Cost of sales		(127,396,175)	(142,978,085)
<b>Gross profit</b>		<b>34,677,837</b>	<b>27,480,271</b>
Administrative expenses		(24,313,701)	(20,287,269)
Other operating income	3	2,169,808	1,760,531
<b>Operating profit</b>	4	<b>12,533,944</b>	<b>8,953,533</b>
Share of results of associates and joint ventures	17	(196,200)	(188)
Interest receivable and similar income	5	271,681	75,136
Interest payable and similar expenses	6	(1,502,304)	(1,463,019)
Profit on disposal of subsidiary		-	14,912
Fair value gains and losses on investment properties	14	3,137,174	-
<b>Profit before taxation</b>		<b>14,244,295</b>	<b>7,580,374</b>
Tax on profit	10	(2,994,975)	(1,599,008)
<b>Profit for the financial year</b>		<b>11,249,320</b>	<b>5,981,366</b>
<b>Other comprehensive income net of taxation</b>			
Currency translation differences		204,528	(116,872)
<b>Total comprehensive income for the year</b>		<b>11,453,848</b>	<b>5,864,494</b>
Profit for the financial year is attributable to:			
- Owners of the parent company		11,203,037	5,959,702
- Non-controlling interests	30	46,283	21,664
		<b>11,249,320</b>	<b>5,981,366</b>
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		11,407,565	5,842,830
- Non-controlling interests	30	46,283	21,664
		<b>11,453,848</b>	<b>5,864,494</b>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

## FLYING TRADE GROUP PLC

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
<b>Fixed assets</b>					
Goodwill	12	1	1	-	-
Other intangible assets	12	-	-	-	-
		<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>
Total intangible assets		1	1	-	-
Tangible assets	13	44,076,581	43,391,416	50,542,340	50,542,340
Investment properties	14	12,424,990	9,797,816	12,424,990	9,797,816
Investments	15	-	-	2,427,966	507,501
		<u>56,501,572</u>	<u>53,189,233</u>	<u>65,395,296</u>	<u>60,847,657</u>
<b>Current assets</b>					
Stocks	19	66,979,260	54,784,159	-	-
Debtors	20	30,952,002	23,287,337	22,435,302	11,012,524
Cash at bank and in hand		536,238	467,065	4,053	69,077
		<u>98,467,500</u>	<u>78,538,561</u>	<u>22,439,355</u>	<u>11,081,601</u>
<b>Creditors: amounts falling due within one year</b>	21	(60,044,037)	(53,166,419)	(9,463,205)	(3,366,474)
<b>Net current assets</b>		<u>38,423,463</u>	<u>25,372,142</u>	<u>12,976,150</u>	<u>7,715,127</u>
<b>Total assets less current liabilities</b>		<u>94,925,035</u>	<u>78,561,375</u>	<u>78,371,446</u>	<u>68,562,784</u>
<b>Creditors: amounts falling due after more than one year</b>	22	(13,552,202)	(9,842,272)	(12,847,762)	(9,142,753)
<b>Provisions for liabilities</b>	25	(1,946,984)	(664,602)	(5,549,840)	(3,706,662)
<b>Net assets</b>		<u>79,425,849</u>	<u>68,054,501</u>	<u>59,973,844</u>	<u>55,713,369</u>
<b>Capital and reserves</b>					
Called up share capital	28	287,000	287,000	287,000	287,000
Fair value reserve	29	4,219,499	1,814,213	4,219,499	1,814,213
Capital redemption reserve	29	4,000	4,000	4,000	4,000
Revaluation reserve	29	-	-	13,902,820	15,015,046
Profit and loss reserves	29	74,217,456	65,297,677	41,560,525	38,593,110
		<u>78,727,955</u>	<u>67,402,890</u>	<u>59,973,844</u>	<u>55,713,369</u>
<b>Equity attributable to owners of the parent company</b>		<u>78,727,955</u>	<u>67,402,890</u>	<u>59,973,844</u>	<u>55,713,369</u>
<b>Non-controlling interests</b>	30	697,894	651,611	-	-
		<u>79,425,849</u>	<u>68,054,501</u>	<u>59,973,844</u>	<u>55,713,369</u>



# FLYING TRADE GROUP PLC

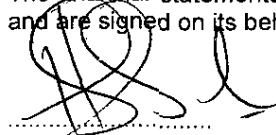
## STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2021

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As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £4,342,975 (2020 - £2,884,513).

The financial statements were approved by the board of directors and authorised for issue on 29/06/2022 and are signed on its behalf by:



H S Dulai  
Director

# FLYING TRADE GROUP PLC

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Fair value reserve £	Capital redemption reserve £	Profit and loss reserves £	Total controlling interest £	Non- controlling interest £	Total £
<b>Balance at 1 January 2020</b>		287,000	1,833,977	4,000	59,845,766	61,970,743	629,947	62,600,690
<b>Year ended 31 December 2020:</b>								
Profit for the year		-	-	-	5,959,702	5,959,702	21,664	5,981,366
Other comprehensive income net of taxation:								
Currency translation differences		-	-	-	(116,872)	(116,872)	-	(116,872)
Total comprehensive income for the year		-	-	-	5,842,830	5,842,830	21,664	5,864,494
Dividends	11	-	-	-	(82,500)	(82,500)	-	(82,500)
Prior period losses relating to previously unconsolidated subsidiaries		-	-	-	(328,183)	(328,183)	-	(328,183)
Transfer		-	(19,764)	-	19,764	-	-	-
<b>Balance at 31 December 2020</b>		287,000	1,814,213	4,000	65,297,677	67,402,890	651,611	68,054,501

# FLYING TRADE GROUP PLC

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Fair value reserve £	Capital redemption reserve £	Profit and loss reserves £	Total controlling interest £	Non- controlling interest £	Total £
<b>Year ended 31 December 2021:</b>								
Profit for the year		-	-	-	11,203,037	11,203,037	46,283	11,249,320
Other comprehensive income net of taxation:								
Currency translation differences		-	-	-	204,528	204,528	-	204,528
Total comprehensive income for the year		-	-	-	11,407,565	11,407,565	46,283	11,453,848
Dividends	11	-	-	-	(82,500)	(82,500)	-	(82,500)
Transfers		-	2,464,577	-	(2,464,577)	-	-	-
Transfer		-	(59,291)	-	59,291	-	-	-
<b>Balance at 31 December 2021</b>		<b>287,000</b>	<b>4,219,499</b>	<b>4,000</b>	<b>74,217,456</b>	<b>78,727,955</b>	<b>697,894</b>	<b>79,425,849</b>

# FLYING TRADE GROUP PLC

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Fair value reserve £	Capital redemption reserve £	Revaluation reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2020</b>		287,000	1,833,977	4,000	15,385,789	35,400,590	52,911,356
<b>Year ended 31 December 2020:</b>							
Profit and total comprehensive income for the year		-	-	-	-	2,884,513	2,884,513
Dividends	11	-	-	-	-	(82,500)	(82,500)
Transfers		-	(19,764)	-	(370,743)	390,507	-
<b>Balance at 31 December 2020</b>		287,000	1,814,213	4,000	15,015,046	38,593,110	55,713,369
<b>Year ended 31 December 2021:</b>							
Profit and total comprehensive income for the year		-	-	-	-	4,342,975	4,342,975
Dividends	11	-	-	-	-	(82,500)	(82,500)
Transfers		-	2,464,577	-	-	(2,464,577)	-
Transfers		-	(59,291)	-	(1,112,226)	1,171,517	-
<b>Balance at 31 December 2021</b>		287,000	4,219,499	4,000	13,902,820	41,560,525	59,973,844

# FLYING TRADE GROUP PLC

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	34	4,249,910		9,032,071	
Interest paid		(1,502,304)		(1,463,019)	
Income taxes paid		(2,224,700)		(301,176)	
<b>Net cash inflow from operating activities</b>		<b>522,906</b>		<b>7,267,876</b>	
<b>Investing activities</b>					
Purchase of business, net of cash acquired		(1,462,430)		-	
Proceeds of disposal of business, net of cash disposed		-		(11,488)	
Purchase of tangible fixed assets		(1,723,857)		(4,982,654)	
Proceeds on disposal of tangible fixed assets		201,408		249,369	
Proceeds on disposal of investment property		530,000		-	
Interest received		271,681		75,136	
<b>Net cash used in investing activities</b>		<b>(2,183,198)</b>		<b>(4,669,637)</b>	
<b>Financing activities</b>					
Proceeds/(repayment) of bank loans (net)		2,293,748		(236,853)	
Payment of finance leases obligations		(465,639)		(636,858)	
Dividends paid to equity shareholders		(82,500)		(82,500)	
<b>Net cash generated from/(used in) financing activities</b>		<b>1,745,609</b>		<b>(956,211)</b>	
<b>Net increase in cash and cash equivalents</b>		<b>85,317</b>		<b>1,642,028</b>	
Cash and cash equivalents at beginning of year		(25,353,391)		(26,995,419)	
<b>Cash and cash equivalents at end of year</b>		<b>(25,268,074)</b>		<b>(25,353,391)</b>	
<b>Relating to:</b>					
Cash at bank and in hand		536,238		467,065	
Bank overdrafts included in creditors payable within one year		(19,802,098)		(19,672,555)	
Invoice discounting facility		(6,002,214)		(6,147,901)	

# FLYING TRADE GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

#### Company information

Flying Trade Group Plc ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office and principal place of business is Europa House, Europa Way, Parkston, Harwich, Essex, CO12 4PT.

The group consists of Flying Trade Group Plc and all of its subsidiaries.

The company's and the group's principal activities are disclosed in the Directors' Report. The nature of the group's operations are that of a world foods company, operator of hotels and pubs and property investment.

#### 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, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include investment properties at fair value.

The consolidated financial statements are presented in sterling which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest whole £1, except where otherwise indicated.

#### Reduced disclosures

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements in its individual company accounts as a qualifying entity:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are included within these consolidated financial statements.

#### Company statement of comprehensive income

As permitted by S408 Companies Act 2006, the company has not presented its own statement of comprehensive income.

#### Basis of consolidation

The consolidated financial statements incorporate those of Flying Trade Group Plc and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 December 2021 except Flying Trade India Private Limited whose financial year ends on 31 March 2021. The consolidated accounts have been made up using interim financial statements prepared by Flying Trade India Private Limited as at 31 December 2021.

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.

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.

# FLYING TRADE GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies (Continued)

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 directly attributable costs. 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.

#### **Going concern**

At the time of approving the financial statements, based on forecasts prepared and facilities available, the directors have a reasonable expectation that the group and the company have adequate resources to continue in operational existence for at least 12 months from the date that these accounts are signed. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The directors have considered the challenges faced by the foods business of the group with regards to restricted and costlier availability of resources in global supply chain, the lingering effect of COVID pandemic, impact of Russia invasion of Ukraine and inflationary challenges in food and energy sector. The group has invested in increased level of stockholding to counter these challenges and to manage an uninterrupted supply chain.

The directors have also considered the lingering economic effect of the COVID pandemic situation in its hospitality business and are confident to maintain its positive cashflows and budgets for at least 12 months from the date that these accounts are signed.

The group continues to work closely with suppliers, customers, and bankers to be in a strong position to take advantage of opportunities going forward. The Group continues to manage its banking relationships and its bank loans and overdrafts are secured via group wide cross guarantees and/or charges over specific group properties.

Consequently, the directors are confident that the company and group will have sufficient funds to continue to meet its liabilities as they fall due for a period of at least 12 months from the date of the approval of the financial statements.

#### **Turnover**

##### *Foodstuffs*

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of value added tax and trade discounts. Turnover is invoiced and recognised on the date of despatch.

##### *Hospitality income*

Turnover comprises income from the hospitality operations of the group exclusive of VAT and trade discounts, and is recognised upon completion of service. The accruals basis is applied in the financial statements to ensure that the revenue is recognised in the period to which it relates.

##### *Rental income*

Turnover represents rents receivable from external tenants at invoiced amounts less value added tax. Turnover is recognised in the period to which it relates.

# FLYING TRADE GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1 Accounting policies (Continued)

##### **Intangible fixed assets - goodwill**

Goodwill represents the excess of the cost of acquisition 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 5 years.

When the fair value of the consideration for an acquired undertaking is less than the fair value of the separable net assets, the difference is treated as negative goodwill which, up to the value of the non-monetary assets acquired, is recognised in the profit and loss account in the period in which those non-monetary assets are realised. Any negative goodwill in excess of the fair value of the non-monetary assets acquired is recognised in the profit and loss account in the periods expected to be benefited.

##### **Intangible fixed assets other than goodwill**

Intangible assets are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation 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:

Purchased computer software	20% reducing balance
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The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

##### **Tangible fixed assets**

Tangible fixed assets, other than freehold land and buildings, long term leasehold and investment properties, are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land and buildings, long term leasehold land and investment properties, at rates calculated to write off the cost of each asset to its estimated residual value over its expected useful life, as follows:

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:

Plant and machinery	5 - 15% straight line or 15 - 25% reducing balance
Fixtures and fittings	10% - 20% straight line
Computer equipment	33% straight line
Motor vehicles	25% straight line or 25% reducing balance
Long term leasehold property	5% straight line

Freehold buildings are not depreciated, as in the opinion of the directors, the residual value is larger than the carrying value given the extensive maintenance program in place.

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

No depreciation is provided in respect of the long leasehold land as the amounts involved are considered to be immaterial.

Depreciation on buildings included within long-term leasehold property have been charged at a rate of 5% straight line on cost from 2007 as this reflects the useful life of the property improvements.



# FLYING TRADE GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies (Continued)

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 credited or charged to profit or loss.

When investment properties previously rented to third parties are subsequently used by the group they are reclassified to freehold land and buildings with the last fair value taken as deemed cost.

#### **Investment properties**

Investment properties are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available. Changes in fair value are recognised in profit or loss. Finance costs are capitalised and included in the valuation.

#### **Fixed asset investments**

In the separate accounts of the company, interests in subsidiaries 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 group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities. Jointly controlled entities are accounted for using the equity method in the group accounts. Any difference between the cost of acquisition and the share of fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill.

Dividends received from jointly controlled entities reduce the carrying amount of the investment. Where the group's share of losses of a jointly controlled entity equals or exceeds the carrying amount of its investment, further losses are no longer recognised. Additional losses are recognised as a provision, to the extent that the group has a legal or constructive obligation. Where the jointly controlled entity subsequently reports profits, the group's share of profits is recognised only after it equals the share of losses not recognised.

#### **Impairment of fixed assets**

At each reporting period end date, the company 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.

# FLYING TRADE GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies (Continued)

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.

Any impairment loss recognised for goodwill is not reversed. For fixed assets other than goodwill, 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 in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving items.

Net realisable value is based upon estimated selling price less further costs expected to be incurred prior to sale.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, bank overdrafts and amounts relating to invoice discounting facilities. Bank overdrafts and invoice discounting facilities are shown within borrowings in current liabilities.

#### **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 statement of financial position 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.

#### **Basic financial assets**

Basic financial assets, which include trade and other receivables and amounts due from group undertakings and joint ventures 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.

# FLYING TRADE GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies (Continued)

##### ***Impairment of financial assets***

Financial assets 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.

##### ***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 it 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 trade, group and other payables (including accruals) and bank loans are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

##### ***Equity instruments***

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

##### ***Taxation***

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Taxable profit can differ from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

# FLYING TRADE GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies (Continued)

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. *Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.*

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax is recognised on income and expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

*For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the group to consume substantially all of its economic benefit), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.*

#### **Provisions**

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

#### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense.

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

#### **Retirement benefits**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

#### **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 statement of financial position 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.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

*Likewise, where the company acts as a lessor all annual rentals are credited to profit and loss on a straight line basis over the lease term.*

# FLYING TRADE GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies (Continued)

##### **Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

##### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

Assets and liabilities of overseas subsidiaries are translated into the group's presentation currency at the rate ruling at the reporting date. Income and expenses of overseas subsidiaries are translated at the average rate for the year as the directors consider this to be a reasonable approximation to the rate at the date of transaction. Translation differences are recognised in other comprehensive income and accumulated in equity.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

##### **Research and development expenditure**

Research expenditure is written off against profits in the year in which it is incurred.

# FLYING TRADE GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 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.

##### **Critical accounting estimates and assumptions**

The group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. In the directors' opinion, there are no estimates or judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

##### **Provisions**

The group and company have recognised provisions in its financial statements, which requires management to make judgements in respect of:

- stock carrying value, which is lower of the cost or estimated net realisable value. Cost of finished goods includes production labour and other attributable overheads. Specific provision is made for obsolete and slow moving stocks through a review by our supply chain analyst.
- recoverability of trade debtors, which is based on periodic review of customer accounts and provisions being made where there is a possibility of the sums due at the year end are not recoverable.
- recoverability of group debtors, provisions are considered based on year end balance sheet position and expected future results.

##### **Fair value of properties**

Some of the group's properties are held at fair value. In arriving at the fair value, management have used their experience and knowledge of local market conditions to arrive at these accounting estimates, along with any available recent professional valuations.

The judgements, estimates and associated assumptions necessary to assess the appropriate accounting treatment and recoverability of these balances are based on historical experience and other reasonable factors.

#### 3 Turnover and other revenue

	2021	2020
	£	£
<b>Turnover analysed by class of business</b>		
Distribution of food stuffs	141,697,349	153,686,725
Retail of food stuffs	1,401,940	4,605,122
Hospitality business	18,281,385	11,396,391
Property rental business	693,338	770,118
	<u>162,074,012</u>	<u>170,458,356</u>

# FLYING TRADE GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 3 Turnover and other revenue (Continued)

	2021 £	2020 £
<b>Other revenue</b>		
Interest income	271,681	75,136
Grants received	1,247,073	1,523,760
Other operating income	826,800	236,771
Research and development income	668,000	-
	<u>2,773,554</u>	<u>2,835,667</u>
	2021 £	2020 £
<b>Turnover analysed by geographical market</b>		
UK	141,235,852	149,803,917
Rest of Europe	12,518,635	13,969,192
Rest of World	8,319,525	6,685,247
	<u>162,074,012</u>	<u>170,458,356</u>

Grants received relates to income in respect of the government Coronavirus Job Retention Scheme and rates reliefs to aid businesses with the financial impact of the COVID-19 pandemic.

### 4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	147,416	165,588
Government grants	(1,247,073)	(1,523,760)
Depreciation of owned tangible fixed assets	1,231,819	1,415,374
Depreciation of tangible fixed assets held under finance leases	324,361	311,802
Loss/(profit) on disposal of tangible fixed assets	149,045	(12,212)
Profit on disposal of investment property	(20,000)	-
Amortisation of intangible assets	-	51,350
Release of negative goodwill	(98,715)	-
Operating lease charges	94,846	106,801
	<u>143,699</u>	<u>194,943</u>

Included in operating profit is profit on disposal of a subsidiary totalling £Nil (2020: £14,912).

# FLYING TRADE GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 5 Interest receivable and similar income

	2021	2020
	£	£
<b>Interest income</b>		
Interest on bank deposits	41,875	75,136
Other interest income	229,806	-
<b>Total income</b>	<b>271,681</b>	<b>75,136</b>

### 6 Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank overdrafts and loans	1,436,202	1,429,867
Interest on finance leases and hire purchase contracts	23,424	28,088
Other interest	42,678	5,064
<b>Total finance costs</b>	<b>1,502,304</b>	<b>1,463,019</b>

### 7 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	109,345	95,335
<b>For other services</b>		
Taxation compliance services	17,900	14,460
All other non-audit services	27,755	22,205
	<b>45,655</b>	<b>36,665</b>

### 8 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Management	50	44	-	-
Office staff	135	116	-	-
Operations staff	804	762	-	-
<b>Total</b>	<b>989</b>	<b>922</b>	<b>-</b>	<b>-</b>



# FLYING TRADE GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 8 Employees (Continued)

Their aggregate remuneration comprised:

	<b>Group</b>	<b>2020</b>	<b>Company</b>	<b>2020</b>
	<b>2021</b>		<b>2021</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Wages and salaries	16,728,856	15,174,773	-	-
Social security costs	1,230,721	1,146,780	-	-
Pension costs	214,119	201,117	-	-
	<u>18,173,696</u>	<u>16,522,670</u>	<u>-</u>	<u>-</u>

#### 9 Directors' remuneration

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	94,971	45,804
Sums paid to third parties for directors' services	-	27,000
	<u>94,971</u>	<u>72,804</u>

During the year £Nil (2020: £Nil) was paid in respect of pension contributions on behalf of directors.

#### 10 Taxation

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	1,635,526	1,225,653
Adjustments in respect of prior periods	145,891	2,901
Total UK current tax	<u>1,781,417</u>	<u>1,228,554</u>
Foreign current tax on profits for the current period	127,376	171,367
Adjustments in foreign tax in respect of prior periods	-	29,806
Total current tax	<u>1,908,793</u>	<u>1,429,727</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	904,222	123,034
Changes in tax rates	182,176	47,422
Adjustment in respect of prior periods	(216)	(1,175)
Total deferred tax	<u>1,086,182</u>	<u>169,281</u>
Total tax charge	<u>2,994,975</u>	<u>1,599,008</u>

# FLYING TRADE GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 10 Taxation (Continued)

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	14,244,295	7,580,374
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	2,706,416	1,440,271
Tax effect of expenses that are not deductible in determining taxable profit	66,602	67,203
Tax effect of income not taxable in determining taxable profit	8,641	-
Adjustments in respect of prior years	145,675	34,913
Effect of change in corporation tax rate	182,176	47,422
Research and development tax credit	(145,147)	-
Deferred tax adjustments in respect of prior years	-	(3,381)
Other differences	18,066	(93,938)
Tax paid by foreign subsidiary	(93,383)	63,657
Fixed asset differences	19,515	42,861
Deferred tax movement due to revaluations during the year	86,414	-
Taxation charge	2,994,975	1,599,008

In the budget on 3 March 2021, the UK Government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021. Deferred tax has been calculated at 25% which was the tax rate substantively enacted at 31 December 2021.

#### 11 Dividends

	2021 £	2020 £
Recognised as distributions to equity holders:		
Interim paid	82,500	82,500

# FLYING TRADE GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 12 Intangible fixed assets

Group	Goodwill	Negative goodwill	Purchased computer software	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2021	1	-	168,415	168,416
Additions	-	(98,715)	-	(98,715)
At 31 December 2021	1	(98,715)	168,415	69,701
<b>Amortisation and impairment</b>				
At 1 January 2021	-	-	168,415	168,415
Credited to profit and loss	-	(98,715)	-	(98,715)
At 31 December 2021	-	(98,715)	168,415	69,700
<b>Carrying amount</b>				
At 31 December 2021	1	-	-	1
At 31 December 2020	1	-	-	1

The company had no intangible fixed assets at 31 December 2021 or 31 December 2020.

The amortisation charge is included within administrative expenses.

# FLYING TRADE GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 13 Tangible fixed assets

Group	Freehold land and buildings	Plant and machinery	Fixtures and fittings	Computer equipment	Motor vehicles	Long term leasehold property	Total
	£	£	£	£	£	£	£
<b>Cost or valuation</b>							
At 1 January 2021	33,933,683	11,168,744	3,147,489	380,788	2,766,302	803,354	52,200,360
Additions	3,021	1,252,148	575,528	19,861	214,872	-	2,065,430
Business combinations	427,305	99,063	-	-	-	-	526,368
Disposals	-	(439,885)	(50,190)	-	(339,717)	-	(829,792)
At 31 December 2021	34,364,009	12,080,070	3,672,827	400,649	2,641,457	803,354	53,962,366
<b>Depreciation and impairment</b>							
At 1 January 2021	97,121	4,661,434	1,611,672	291,704	1,934,773	212,240	8,808,944
Depreciation charged in the year	66,140	871,199	274,440	70,761	224,140	49,500	1,556,180
Eliminated in respect of disposals	-	(261,024)	(37,607)	-	(180,708)	-	(479,339)
At 31 December 2021	163,261	5,271,609	1,848,505	362,465	1,978,205	261,740	9,885,785
<b>Carrying amount</b>							
At 31 December 2021	34,200,748	6,808,461	1,824,322	38,184	663,252	541,614	44,076,581
At 31 December 2020	33,836,562	6,507,310	1,535,817	89,084	831,529	591,114	43,391,416

# FLYING TRADE GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

Company	Freehold land and buildings £	Plant and machinery £	Total £
<b>Cost or valuation</b>			
At 1 January 2021 and 31 December 2021	50,542,340	266,685	50,809,025
<b>Depreciation and impairment</b>			
At 1 January 2021 and 31 December 2021	-	266,685	266,685
<b>Carrying amount</b>			
At 31 December 2021	50,542,340	-	50,542,340
At 31 December 2020	50,542,340	-	50,542,340

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Plant and machinery	1,138,727	1,090,236	-	-
Motor vehicles	227,660	303,572	-	-
	<u>1,366,387</u>	<u>1,393,808</u>	<u>-</u>	<u>-</u>

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Cost	32,005,244	31,802,773	32,005,244	31,802,773
Accumulated depreciation	-	-	-	-
Carrying value	<u>32,005,244</u>	<u>31,802,773</u>	<u>32,005,244</u>	<u>31,802,773</u>

Details of group properties pledged to secure borrowings are given in note 23.

# FLYING TRADE GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 14 Investment property

	Group 2021 £	Company 2021 £
<b>Fair value</b>		
At 1 January 2021	9,797,816	9,797,816
Disposals	(510,000)	(510,000)
Net gains or losses through fair value adjustments	3,137,174	3,137,174
At 31 December 2021	<u>12,424,990</u>	<u>12,424,990</u>

The 2021 and 2020 valuations were made by the directors, on a fair value basis with the aid of periodic valuations of certain properties made in respect of bank borrowings or other reasons.

Details of group properties pledged to secure borrowings are given in note 23.

If the group and company investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been £7,285,888 (2020: £7,795,888).

### 15 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	16	-	-	2,427,466	507,001
Investments in joint ventures	17	-	-	500	500
		-	-	<u>2,427,966</u>	<u>507,501</u>

#### Movements in fixed asset investments

Group	Investment in joint ventures £
<b>Cost or valuation</b>	
At 1 January 2021 and 31 December 2021	<u>500</u>
<b>Impairment</b>	
At 1 January 2021 and 31 December 2021	<u>500</u>
<b>Carrying amount</b>	
At 31 December 2021	<u>-</u>
At 31 December 2020	<u>-</u>

# FLYING TRADE GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 15 Fixed asset investments (Continued)

##### Movements in fixed asset investments Company

	Shares in group undertakings and participating interests	Investment in joint ventures	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 January 2021	507,001	500	507,501
Additions (see note 18)	1,920,465	-	1,920,465
At 31 December 2021	2,427,466	500	2,427,966
<b>Carrying amount</b>			
At 31 December 2021	2,427,466	500	2,427,966
At 31 December 2020	507,001	500	507,501

#### 16 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held	
			Direct	Indirect
Flying Trade Limited	Foodstuffs	Ordinary	100.00	-
Surya Rice Limited	Rice milling	Ordinary and Preference	66.60	-
Surya Hotels Limited	Hospitality	Ordinary	100.00	-
Creative Marketing Ideas Limited	Dormant	Ordinary	100.00	-
Flying Leisure Limited	Hospitality	Ordinary	100.00	-
Cawoods (Fishcurers) Limited	Curing and sale of fish	Ordinary	100.00	-

All of the above companies are incorporated in the United Kingdom. All of these companies are included in the consolidation. The registered office of all the above companies other than Cawoods (Fishcurers) Limited is Europa House, Europa Way, Parkeston, Harwich, Essex, CO12 4PT. The registered office for Cawoods (Fishcurers) Limited is 4th Floor 115 George Street, Edinburgh, EH2 4JN

## FLYING TRADE GROUP PLC

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 16 Subsidiaries (Continued)

*Subsidiary undertakings owned by Flying Trade Limited:*

Flying Trade India Private Limited	Rice milling	Ordinary	-	100.00
Salaam Foods SRL	Foodstuffs	Ordinary	-	100.00
Surya Foods Ireland Limited	Foodstuffs	Ordinary	-	100.00

Flying Trade India Private Limited is incorporated in India. One of the total 6,831,000 shares of Flying Trade India Private Limited is not owned by Flying Trade Limited as required by Indian law. This non-controlling interest is deemed by the directors to be wholly immaterial.

The registered office for Flying Trade India Private Limited is 416 Guru Teg Bahadur Nagar, Jalandhar, Punjab, India 144001 and Works at Amanatpur Road, P.O Nussi, Village Surranusi Jalandhar, Punjab, India, 144004.

The registered office for Salaam Foods SRL is SC Salaam Foods SRL Lugasu de Jos, 284 Bihor, Romania.

The registered office for Surya Foods Ireland Limited is Leahy O'Riordan, 1/2 Marino Mart, Dublin, D03 T3P1, Ireland.

The registered office for Cawoods (Fishcurers) Limited is 4th Floor 115 George Street, Edinburgh, EH2 4JN.

Creative Marketing Ideas Limited, Flying Leisure Limited, Cawoods (Fishcurers) Limited and Surya Rice Limited have taken the exemption in Section 479A of the Companies Act 2006 ("the Act") from the requirements in the Act for their individual accounts to be audited.

The financial statements of all subsidiaries are made up to 31 December, except Flying Trade India Private Limited which has a year end of 31 March. The consolidated accounts have been made up using interim financial statements prepared by Flying Trade India Private Limited as at 31 December 2021.



# FLYING TRADE GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 17 Joint ventures

Details of joint ventures at 31 December 2021 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held	
			Direct	Indirect
Dubar Investments Limited	Property investment	Ordinary	50.00	-

The registered office of Dubar Investments Limited is 4 Europa Way, Harwich, Essex, CO12 4PT.

The results for the joint venture in the year are as follows:

	2021 £
Turnover	3,273,100
Net expenses	(3,665,499)
Taxation	-
Loss for the year	(392,399)
Profit for the year attributable to the group	(196,200)
Additional provision for losses in excess of carrying value of investment	196,200
Amount recognised against carrying value of investment	-

#### 18 Acquisition

On 10 February 2021 the group acquired 100 percent of the issued capital of Cawoods (Fishcurers) Limited for consideration of £1,920,465.

Net assets acquired	Book Value £	Adjustments £	Fair Value £
Tangible fixed assets	526,368	-	526,368
Stock	1,674,183	-	1,674,183
Debtors	202,801	-	202,801
Creditors due within one year	(410,777)	-	(410,777)
Cash and cash equivalents	26,605	-	26,605
Total identifiable net assets	2,019,180	-	2,019,180
Negative goodwill			(98,715)
Total consideration			1,920,465

# FLYING TRADE GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 18 Acquisition (Continued)

The consideration was satisfied by:	£
Cash	1,489,035
Directors' loan account	431,430
	<u>1,920,465</u>

Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:

	£
Turnover	3,923,122
Profit after tax	<u>181,658</u>

### 19 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Raw materials and consumables	33,931,035	29,032,780	-	-
Work in progress	5,791,416	6,872,519	-	-
Finished goods and goods for resale	27,256,809	18,878,860	-	-
	<u>66,979,260</u>	<u>54,784,159</u>	<u>-</u>	<u>-</u>

Some rice stock is held as security for bank financing (see note 23).

# FLYING TRADE GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 20 Debtors

	Group 2021	2020	Company 2021	2020
	£	£	£	£
<b>Amounts falling due within one year:</b>				
Trade debtors	19,024,843	13,373,520	276,591	214,235
Amounts owed by group undertakings	-	-	17,770,354	4,677,069
Amounts owed by jointly controlled entities	1,818,149	4,477,706	1,818,149	4,477,706
Other debtors	9,108,267	4,833,243	2,542,320	1,619,039
Prepayments and accrued income	979,739	580,408	27,888	24,475
	<u>30,930,998</u>	<u>23,264,877</u>	<u>22,435,302</u>	<u>11,012,524</u>
<b>Amounts falling due after more than one year:</b>				
Other debtors	<u>21,004</u>	<u>22,460</u>	<u>-</u>	<u>-</u>
<b>Total debtors</b>	<u>30,952,002</u>	<u>23,287,337</u>	<u>22,435,302</u>	<u>11,012,524</u>

Amounts due in respect of invoice finance facilities are secured on the related trade debtor which amount to £6,002,214 at the year end (2020: £6,147,901) and are presented within creditors (note 23).

Amounts owed by group undertakings are unsecured, interest-free and repayable on demand.

#### 21 Creditors: amounts falling due within one year

	Notes	Group 2021	2020	Company 2021	2020
		£	£	£	£
Bank loans, overdrafts and similar borrowings	23	33,339,836	34,602,291	2,251,481	530,503
Obligations under finance leases	24	430,007	523,401	-	-
Trade creditors		15,127,245	11,946,583	148,940	57,802
Amounts owed to group undertakings		-	-	4,932,760	1,613,138
Corporation tax payable		1,749,360	2,025,701	17,415	46,293
Other taxation and social security		434,505	332,147	-	61
Directors loan accounts		1,114,426	447,237	1,076,227	394,984
Other creditors		4,908,421	1,022,860	781,157	592,090
Accruals and deferred income		2,940,237	2,266,199	255,225	131,603
		<u>60,044,037</u>	<u>53,166,419</u>	<u>9,463,205</u>	<u>3,366,474</u>

Amounts due to group undertakings are unsecured, interest-free and repayable on demand.

# FLYING TRADE GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 22 Creditors: amounts falling due after more than one year

		Group 2021	2020	Company 2021	2020
	Notes	£	£	£	£
Bank loans and overdrafts	23	12,883,355	9,142,753	12,847,762	9,142,753
Obligations under finance leases	24	668,847	699,519	-	-
		<u>13,552,202</u>	<u>9,842,272</u>	<u>12,847,762</u>	<u>9,142,753</u>

#### 23 Borrowings

	Group 2021	2020	Company 2021	2020
	£	£	£	£
Bank loans	20,418,879	17,924,588	15,061,151	9,635,164
Bank overdrafts	19,802,098	19,672,555	38,092	38,092
Invoice discounting facility	6,002,214	6,147,901	-	-
	<u>46,223,191</u>	<u>43,745,044</u>	<u>15,099,243</u>	<u>9,673,256</u>
Payable within one year	33,339,836	34,602,291	2,251,481	530,503
Payable after one year	12,883,355	9,142,753	12,847,762	9,142,753

Bank loans and overdrafts are secured via group wide cross guarantees and/or charges over specific group properties. Debts secured via this method total £28,054,275 (2020: £35,670,269). Included in bank overdrafts is £11,840,399 (2020: £7,687,925) which is secured over specific items of stock in Flying Trade India Private Limited, and £6,943,091 (2020: £7,199,450) which is secured over specific items of stock in Flying Trade Limited. In addition to the cross guarantee noted above, the total carrying value of properties pledged to secure borrowings is £23,616,377, (2020: £23,210,227).

Invoice discounting facilities are secured on the trade debtor balances to which they relate.

Bank loan borrowings are denominated and repaid in pounds sterling and have contractual interest rates that are fixed rates or variable rates linked to LIBOR.

#### 24 Finance lease obligations

	Group 2021	2020	Company 2021	2020
	£	£	£	£
Future minimum lease payments due under finance leases:				
Less than one year	430,007	523,401	-	-
Between one and five years	668,847	699,519	-	-
	<u>1,098,854</u>	<u>1,222,920</u>	<u>-</u>	<u>-</u>

Obligations under finance leases are secured on the assets to which they relate.

# FLYING TRADE GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 25 Provisions for liabilities

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Share of losses of joint ventures	17	197,876	1,676	-	-
Deferred tax liabilities	26	1,749,108	662,926	5,549,840	3,706,662
		<u>1,946,984</u>	<u>664,602</u>	<u>5,549,840</u>	<u>3,706,662</u>

Movements on provisions apart from deferred tax liabilities:

Group	Share of losses of joint ventures £
At 1 January 2021	1,676
Additional provisions in the year	196,200
At 31 December 2021	<u>197,876</u>

The provision for share of losses of joint ventures relates to the group's share of losses in excess of the carrying amount of its investment in the joint venture.

#### 26 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	Liabilities 2021 £	Liabilities 2020 £
Accelerated capital allowances	745,191	390,331
Short term timing differences	(5,096)	(4,530)
Deferred tax on fair value gains on investment properties	919,643	194,009
Rolled over gains	89,370	83,116
	<u>1,749,108</u>	<u>662,926</u>

# FLYING TRADE GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 26 Deferred taxation (Continued)

	Liabilities 2021 £	Liabilities 2020 £
<b>Company</b>		
Decelerated capital allowances	(4,077)	(3,141)
Deferred tax on fair value gains on investment properties	919,643	187,755
Deferred tax on revaluation of freehold properties	4,634,274	3,522,048
	<u>5,549,840</u>	<u>3,706,662</u>
	<b>Group 2021 £</b>	<b>Company 2021 £</b>
<b>Movements in the year:</b>		
Liability at 1 January 2021	662,926	3,706,662
Charge to profit or loss	904,006	671,661
Effect of change in tax rate - profit or loss	182,176	1,171,517
Liability at 31 December 2021	<u>1,749,108</u>	<u>5,549,840</u>

#### Group

£159,498 (2020: £108,405) of the deferred tax liability is expected to reverse in the next 12 months.

£5,096 (2020: £4,530) of the deferred tax asset is expected to reverse in the next 12 months.

#### Company

£Nil (2020: £Nil) of the deferred tax liability is expected to reverse in the next 12 months.

£518 (2020: £441) of the deferred tax asset is expected to reverse in the next 12 months.

### 27 Retirement benefit schemes

	2021 £	2020 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>214,119</u>	<u>201,117</u>

The group operates a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions totalling £47,399 (2020: £69,942) were payable to the fund at the year end and are included in creditors.

### 28 Share capital

	2021 Number	2020 Number	2021 £	2020 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary shares of £1 each	<u>287,000</u>	<u>287,000</u>	<u>287,000</u>	<u>287,000</u>

# FLYING TRADE GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 28 Share capital (Continued)

The company's Ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

### 29 Reserves

#### Revaluation reserve

The revaluation reserve relates to the revaluation of freehold land and buildings to deemed cost when they were reclassified from investment property, net of deferred tax.

#### Capital redemption reserve

The nominal value of shares repurchased and still held at the end of the reporting date.

#### Fair value reserve

The fair value reserve relates to the the gain or loss on the revaluation of investment properties to fair value, net of deferred tax.

#### Profit and loss reserve

The profit and loss reserve represents cumulative profit and loss net of distribution to owners.

### 30 Non-controlling interest

	Group 2021 £	2020 £
Non-controlling interest share of profit for the year	46,283	21,664
Net addition to non-controlling interest	46,283	21,664
Opening non-controlling interest	651,611	629,947
Closing non-controlling interest	697,894	651,611

# FLYING TRADE GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 31 Financial commitments, guarantees and contingent liabilities

There are no cross guarantees given to companies outside of the group, therefore no contingent liabilities exist on a consolidated basis.

On a company basis, cross guarantees to secure various bank borrowings exist between Flying Trade Group PLC, Surya Rice Limited, Flying Trade Limited, Surya Hotels Limited, Creative Marketing Ideas Limited and Flying Leisure Limited. The total amounts outstanding at 31 December 2021 across the group are £28,054,275 (2020: £35,670,269), all of which are shown as liabilities within these consolidated financial statements.

The company is contingently liable in respect of a group VAT agreement with Flying Trade Limited, Surya Rice Limited and Flying Leisure Limited. At 31 December 2021 the net VAT group asset was £473,063 (2020: £396,423).

In accordance with Section 479C of the Companies Act 2006, Flying Trade Group Plc has provided a guarantee over the liabilities of Creative Marketing Ideas Limited, Flying Leisure Limited, Cawoods (Fishcurers) Limited and Surya Rice Limited. Further details are given in note 16 to the financial statements.

#### 32 Operating lease commitments

##### Lessee

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 2021 £	2020 £	Company 2021 £	2020 £
Within one year	81,693	79,004	-	-
Between one and five years	106,369	59,978	-	-
	<u>188,062</u>	<u>138,982</u>	<u>-</u>	<u>-</u>

#### 33 Related party transactions

##### Remuneration of key management personnel

The remuneration of key management personnel of the group, being the directors and senior management team, including amounts paid to third parties for their services, is as follows.

	2021 £	2020 £
Aggregate compensation	<u>780,529</u>	<u>660,979</u>



# FLYING TRADE GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 33 Related party transactions (Continued)

#### Other related party transactions

During the year, group companies entered into the following transactions with related parties who are not members of the group (including joint ventures):

	2021 £	2020 £
Sales of goods	7,360,347	4,617,816
Purchases of goods	578,133	3,289,044
Amounts owed by related parties at the year end	4,130,457	5,382,292
Amounts owed to related parties at the year end	850,622	272,570

These are related parties of the group due to common directors and/or control.

During the year, the company entered into the following transactions with subsidiaries who are not wholly owned:

	2021 £	2020 £
Amounts owed by subsidiaries at the year end	186,613	186,613

Amounts owed by subsidiaries at the year end are included within amounts owed by group undertakings.

During the year, the company entered into the following transactions with related parties who are not members of the group (including joint ventures):

	2021 £	2020 £
Advances of loans by related parties	208,416	125,000
Repayments of loans made by related parties	2,492,557	271,719
Amounts owed by related parties at the year end	1,985,149	4,477,706
Amounts owed to related parties at the year end	487,345	278,929

These are related parties of the company due to common directors and/or control.

During the year, charitable donations of £12,146 (2020: £34,030) were made to a charitable organisation with a common director. There were no amounts due at 31 December 2021 (2020: £Nil).

# FLYING TRADE GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 34 Cash generated from group operations

	2021 £	2020 £
Profit for the year after tax	11,249,320	5,981,366
<b>Adjustments for:</b>		
Share of results of associates and joint ventures	196,200	188
Taxation charged	2,994,975	1,599,008
Finance costs	1,502,304	1,463,019
Investment income	(271,681)	(75,136)
Loss/(gain) on disposal of tangible fixed assets	129,045	(12,252)
Fair value gain on investment properties	(3,137,174)	-
Amortisation and impairment of intangible assets	(98,715)	51,350
Depreciation and impairment of tangible fixed assets	1,556,180	1,727,176
Foreign exchange on retranslation of overseas subsidiaries	204,528	(116,872)
Gain on sale of investments	-	(14,912)
Subsidiary now included in consolidation	-	(319,521)
<b>Movements in working capital:</b>		
Increase in stocks	(10,520,918)	(4,070,262)
(Increase)/decrease in debtors	(7,461,864)	5,073,954
Increase/(decrease) in creditors	7,907,710	(2,255,035)
<b>Cash generated from operations</b>	<b>4,249,910</b>	<b>9,032,071</b>

### Major non-cash transactions

During the year the group entered into hire purchase contracts in respect of assets with a total capital value at inception of the contracts of £341,573 (2020: £575,628).

### 35 Analysis of changes in net debt - group

	1 January 2021 £	Cash flows £	New finance leases £	31 December 2021 £
Cash at bank and in hand	467,065	69,173	-	536,238
Bank overdrafts	(19,672,555)	(129,543)	-	(19,802,098)
Invoice discounting facility	(6,147,901)	145,687	-	(6,002,214)
	(25,353,391)	85,317	-	(25,268,074)
Borrowings excluding overdrafts	(17,924,588)	(2,494,291)	-	(20,418,879)
Obligations under finance leases	(1,222,920)	465,639	(341,573)	(1,098,854)
	(44,500,899)	(1,943,335)	(341,573)	(46,785,807)

# FLYING TRADE GROUP PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 36 Directors' transactions

Description	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
S S Dulai	(188,264)	147,679	(430,372)	(470,957)
H S Dulai	(203,926)	1,933,312	(2,372,855)	(643,469)
A Chatrath	(55,047)	55,047	-	-
	<u>(447,237)</u>	<u>2,136,038</u>	<u>(2,803,227)</u>	<u>(1,114,426)</u>

During the year the Company purchased Cawoods (Fishcurers) Limited from Mr H S Dulai, a Director of the Company. Details of the consideration are given in Note 18 to the financial statements.

#### 37 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Acquisition of tangible fixed assets	-	155,868	-	-

#### 38 Controlling party

The ultimate controlling party is the Dulai family.