REGISTERED NUMBER: 02430421 (England and Wales)

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 FOR INDUS FOODS LIMITED



Harrison Beale & Owen Limited
Chartered Accountants and Statutory Auditors
Seven Stars House
1 Wheler Road
Coventry
CV3 4LB

INDUS FOODS LIMITED

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for the year ended 30 June 2019

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INDUS FOODS LIMITED

COMPANY INFORMATION
for the year ended 30 June 2019

DIRECTORS:	T I Areehy Ms N K Areehy Z A Chaudhary
REGISTERED OFFICE:	75 Sampson Road North Sparkbrook Birmingham B11 1BH
REGISTERED NUMBER:	02430421 (England and Wales)
AUDITORS:	Harrison Beale & Owen Limited Chartered Accountants and Statutory Auditors Seven Stars House 1 Wheler Road Coventry CV3 4LB
BANKERS:	Natwest Bank plc Bolton Corporate Service Centre Parklands, De Havilland Way Horwich Bolton BL6 4YU

INDUS FOODS LIMITED

STRATEGIC REPORT
for the year ended 30 June 2019

The directors present their strategic report for the year ended 30 June 2019.

REVIEW OF BUSINESS
The company has broadly maintained its market share this year with turnover of £13,459,520 (2018: £14,529,302). Gross profit has decreased during the year to £2,104,891 (2018: £2,182,934), at 15.64% (2018: 15.02%) of turnover.

Management are seeking to expand operations in the short to medium term through improvements to the site facilities.

Overall, management are satisfied with this level of performance in the current trading environment.

PRINCIPAL RISKS AND UNCERTAINTIES
The company's principal exposure to risks are through pricing volatility, both as a result of changes in raw material prices and through exchange rate fluctuations, as management are in part reliant on suppliers based overseas.

Management are mindful of these key risks to the business and have adopted strategies which include: continued scrutiny of pricing and rates of exchange; sourcing of product from various suppliers; and management of its purchase cycle.

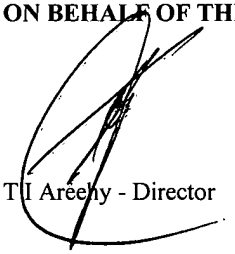
Management also acknowledge exposure to interest rate and credit risks and these are also assessed continuously in order to minimise their impact.

FUTURE DEVELOPMENTS
The company's immediate strategy for 2019-20 and beyond is to maintain its market share and profitability.

In the short to medium term, the company's strategy is growth and the directors have started to put in place measures to expand the company's market share through a planned improvement and expansion to the company's operating facilities.

As the company is soundly financed and has historically made profits and generated cash, the directors believe the company will trade profitably and generate net cash inflows again in 2019-20 and beyond. As such, the directors believe the company to be a going concern and have adopted this assumption in preparing the financial statements.

ON BEHALF OF THE BOARD:



T I Areehy - Director

27 February 2020

INDUS FOODS LIMITED

REPORT OF THE DIRECTORS
for the year ended 30 June 2019

The directors present their report with the financial statements of the company for the year ended 30 June 2019.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of wholesale grocery and packaging.

DIVIDENDS
The total distribution of ordinary dividends for the year ended 30 June 2019 will be £100,000 (2018: £100,000).

DIRECTORS
The directors shown below have held office during the whole of the period from 1 July 2018 to the date of this report.

T I Areehy
Ms N K Areehy
Z A Chaudhary

DISCLOSURE IN THE STRATEGIC REPORT
The company's review of business, principal risks and uncertainties and future developments are disclosed within the strategic report.

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

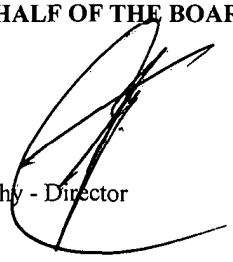
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:



T I Areehy - Director

27 February 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF INDUS FOODS LIMITED

Opinion

We have audited the financial statements of Indus Foods Limited (the 'company') for the year ended 30 June 2019 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF INDUS FOODS LIMITED

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

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

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 a Report of the Auditors 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Wayne Gutteridge ACA (Senior Statutory Auditor)
for and on behalf of Harrison Beale & Owen Limited
Chartered Accountants and Statutory Auditors
Seven Stars House
1 Wheler Road
Coventry
CV3 4LB

27 February 2020

INDUS FOODS LIMITED

INCOME STATEMENT
for the year ended 30 June 2019

	Notes	2019 £	2018 £
TURNOVER	3	**13,459,520**	14,529,302
Cost of sales		**11,354,629**	12,346,368
GROSS PROFIT		**2,104,891**	2,182,934
Administrative expenses		**1,835,974**	1,740,902
		268,917	442,032
Other operating income		**7,618**	7,618
OPERATING PROFIT	5	**276,535**	449,650
Interest payable and similar expenses	6	**50,213**	105,229
PROFIT BEFORE TAXATION		**226,322**	344,421
Tax on profit	7	**47,688**	125,152
PROFIT FOR THE FINANCIAL YEAR		**178,634**	219,269

The notes form part of these financial statements

INDUS FOODS LIMITED

OTHER COMPREHENSIVE INCOME
for the year ended 30 June 2019

	Notes	2019 £	2018 £
PROFIT FOR THE YEAR		**178,634**	219,269
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**178,634**	219,269

The notes form part of these financial statements

INDUS FOODS LIMITED

BALANCE SHEET
30 June 2019

	Notes	2019 £	2019 £	2018 £	2018 £
FIXED ASSETS					
Tangible assets	9		**209,377**		280,059
Investments	10		**15,000**		15,000
			224,377		295,059
CURRENT ASSETS					
Stocks	11	**3,000,276**		3,498,700	
Debtors	12	**3,083,055**		2,522,773	
Investments	13	**30**		30	
Cash at bank and in hand		**549,596**		290,048	
		6,632,957		6,311,551	
CREDITORS					
Amounts falling due within one year	14	**2,761,769**		3,680,116	
NET CURRENT ASSETS			**3,871,188**		2,631,435
TOTAL ASSETS LESS CURRENT LIABILITIES			**4,095,565**		2,926,494
CREDITORS					
Amounts falling due after more than one year	15		**(1,112,923)**		(10,787)
PROVISIONS FOR LIABILITIES	19		**(31,552)**		(43,251)
NET ASSETS			**2,951,090**		2,872,456
CAPITAL AND RESERVES					
Called up share capital	20		**50,000**		50,000
Capital redemption reserve	21		**635,000**		-
Retained earnings	21		**2,266,090**		2,822,456
SHAREHOLDERS' FUNDS			**2,951,090**		2,872,456

The financial statements were approved by the Board of Directors on 27 February 2020 and were signed on its behalf by:

T I Arechy - Director

The notes form part of these financial statements

INDUS FOODS LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2019

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 July 2017	50,000	2,703,187	-	2,753,187
Changes in equity				
Dividends	-	(100,000)	-	(100,000)
Total comprehensive income	-	219,269	-	219,269
Balance at 30 June 2018	50,000	2,822,456	-	2,872,456
Changes in equity				
Dividends	-	(100,000)	-	(100,000)
Total comprehensive income	-	(456,366)	635,000	178,634
Balance at 30 June 2019	50,000	2,266,090	635,000	2,951,090

The notes form part of these financial statements

INDUS FOODS LIMITED

CASH FLOW STATEMENT
for the year ended 30 June 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	**505,865**	386,938
Interest paid		**(22,182)**	(12,968)
Interest element of hire purchase payments paid		**(2,947)**	(8,803)
Finance costs paid		**(7,655)**	(83,458)
Tax paid		**(129,735)**	(79,410)
Net cash from operating activities		**343,346**	202,299
Cash flows from investing activities			
Purchase of tangible fixed assets		**-**	(11,809)
Net cash from investing activities		**-**	(11,809)
Cash flows from financing activities			
Loan repayments in year		**(32,000)**	(73,099)
Loan advances in year		**359,613**	-
Capital repayments in year		**(30,030)**	(88,461)
Amount withdrawn by directors		**(10,000)**	(10,000)
Equity dividends paid		**(50,000)**	(60,000)
Net cash from financing activities		**237,583**	(231,560)
Increase/(decrease) in cash and cash equivalents		**580,929**	(41,070)
Cash and cash equivalents at beginning of year	2	**(264,755)**	(223,685)
Cash and cash equivalents at end of year	2	**316,174**	(264,755)

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
for the year ended 30 June 2019

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2019	2018
	£	£
Profit before taxation	**226,322**	344,421
Depreciation charges	**70,663**	70,661
Loss/(profit) on disposal of fixed assets	**19**	(26,788)
Finance costs	**50,213**	105,229
	347,217	493,523
Decrease/(increase) in stocks	**498,424**	(90,737)
Increase in trade and other debtors	**(560,282)**	(462,857)
Increase in trade and other creditors	**220,506**	447,009
Cash generated from operations	**505,865**	386,938

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30 June 2019

	30.6.19	**1.7.18**
	£	**£**
Cash and cash equivalents	**549,596**	**290,048**
Bank overdrafts	**(233,422)**	**(554,803)**
	316,174	**(264,755)**

Year ended 30 June 2018

	30.6.18	1.7.17
	£	£
Cash and cash equivalents	290,048	434,841
Bank overdrafts	(554,803)	(658,526)
	(264,755)	(223,685)

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

1. STATUTORY INFORMATION

Indus Foods Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The principal accounting policies adopted in the preparation of the financial statements are set out below and have been consistently applied from the previous year.

Significant judgements and estimates
The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Accounting estimates:

i) Inventory provisioning
The company holds significant levels of inventory - generally one quarter's trade - at any point. The inventory held is monitored by management to ensure appropriate provisions are made in respect of items of stock which are out of date or which are selling slowly.

ii) Impairment of debtors
The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Accounting judgements:

iii) Operating leases
The company utilises assets which it does not own and pays for on an ongoing basis. In making the judgement as to whether such arrangements constitute finance leases or operating leases, management have assessed where the substantial risk and rewards of the ownership of the assets fall, and assessed that the counter-party, rather than the company, bears substantially all of the risks and rewards of ownership of the assets.

Turnover
Sale of goods
Turnover from the sale of goods is recognised when significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. This is usually on delivery of the goods.

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2. ACCOUNTING POLICIES - continued

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant & machinery - 10% on cost
Furniture and equipment - 25% on cost
Motor vehicles - 25% on cost

Government grants
Government grants are recognised in the Income Statement on a systematic basis over the periods in which the company recognises as expenses the related costs for which the grants are intended to compensate.

Specifically, government grants relating to tangible fixed assets are included in liabilities as deferred income and are credited to the Income Statement in line with the depreciation charged on the assets concerned.

Stocks
Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase and other costs incurred in bringing stock to its present location and condition, including any import costs, duties and carriage.

Financial instruments
Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Income Statement.

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

continued...

2. ACCOUNTING POLICIES - continued

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments
Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Pension costs and other post-retirement benefits
The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

The company has in place an employer financed retirement benefit scheme for the benefits of its officers, employees and their wider families. The scheme is known as The Indus Foods Limited 2011 Employer Finances Retirement Benefit Scheme ("The scheme").

The company does not include the assets and liabilities of the scheme on its balance sheet to the extent that it considers that it will not retain any economic benefit from the assets of the scheme and will not have control of the rights or other access to those present economic benefits.

Share capital
Share capital is treated as an equity instrument where there is evidence of a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if:

- there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and

- the instrument is a non-derivative that contains no contractual obligations to deliver a variable number of shares or is a derivative that will be settled only by the company exchanging a fixed amount of cash or other assets for a fixed number of the company's own equity instruments.

Where shares are issued for a value in excess of their nominal value, the resultant premium is included in a share premium account.

Preference shares, which result in fixed returns to the holder or are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these shares are recognised in the income statement as interest expense.

Dividends
Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by shareholders. These amounts are recognised in the statement of changes in equity.

continued...

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2019	2018
	£	£
United Kingdom	**12,146,353**	14,009,541
Europe	**1,313,167**	519,761
	13,459,520	14,529,302

All turnover in the current and prior year was derived from the sale of goods.

4. EMPLOYEES AND DIRECTORS

	2019	2018
	£	£
Wages and salaries	**960,485**	955,887
Social security costs	**58,346**	48,880
Other pension costs	**10,835**	11,201
	1,029,666	1,015,968

The average number of employees during the year was as follows:

	2019	2018
Administration and support	**61**	58

	2019	2018
	£	£
Directors' remuneration	**38,612**	33,800

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2019	2018
	£	£
Depreciation - owned assets	**30,719**	28,718
Depreciation - assets on hire purchase contracts	**39,944**	41,943
Loss/(profit) on disposal of fixed assets	**19**	(26,788)
Auditors' remuneration	**8,500**	8,500
Foreign exchange differences	**(55,738)**	(210)
Operating leases - land and buildings	**45,500**	53,625
Inventory recognised as an expense	**10,856,205**	12,437,105
Deferred capital grant	**(7,618)**	(7,618)

continued...

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£	£
Bank interest	**10,630**	12,685
Other interest	**28,981**	283
Hire purchase	**2,947**	8,803
Preference dividend - 5%	**3,381**	43,000
Preference dividend - 6%	**4,274**	40,458
	50,213	105,229

7. TAXATION

Analysis of the tax charge
The tax charge on the profit for the year was as follows:

	2019	2018
	£	£
Current tax:		
UK corporation tax	**59,387**	152,605
Deferred tax	**(11,699)**	(27,453)
Tax on profit	**47,688**	125,152

UK corporation tax has been charged at 19% (2018 - 19%).

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2019	2018
	£	£
Profit before tax	**226,322**	344,421
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	**43,001**	65,440
Effects of:		
Expenses not deductible for tax purposes	**4,289**	11,687
Capital allowances in excess of depreciation	**-**	(21,689)
Depreciation in excess of capital allowances	**398**	-
Chargeable gain	**-**	2,854
Other tax adjustments	**-**	66,860
Total tax charge	**47,688**	125,152

During the year the UK corporation tax rate remained at 19%.

Following the general election in December 2019 the corporation tax rate looks set to remain at 19% for the foreseeable future.

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8. **DIVIDENDS**

	2019	2018
	£	£
Ordinary shares of £1 each		
Interim	100,000	100,000

9. **TANGIBLE FIXED ASSETS**

	Plant and machinery	Fixtures & fittings	Motor vehicles	Totals
	£	£	£	£
COST				
At 1 July 2018	638,497	23,280	254,536	916,313
Disposals	(151,228)	(23,280)	(15,650)	(190,158)
At 30 June 2019	487,269	-	238,886	726,155
DEPRECIATION				
At 1 July 2018	380,353	23,280	232,621	636,254
Charge for year	48,748	-	21,915	70,663
Eliminated on disposal	(151,209)	(23,280)	(15,650)	(190,139)
At 30 June 2019	277,892	-	238,886	516,778
NET BOOK VALUE				
At 30 June 2019	209,377	-	-	209,377
At 30 June 2018	258,144	-	21,915	280,059

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery	Motor vehicles	Totals
	£	£	£
COST			
At 1 July 2018	200,289	87,656	287,945
Transfer to ownership	(180,301)	(87,656)	(267,957)
At 30 June 2019	19,988	-	19,988
DEPRECIATION			
At 1 July 2018	74,117	65,742	139,859
Charge for year	18,030	21,914	39,944
Transfer to ownership	(88,149)	(87,656)	(175,805)
At 30 June 2019	3,998	-	3,998
NET BOOK VALUE			
At 30 June 2019	15,990	-	15,990
At 30 June 2018	126,172	21,914	148,086

The prior year comparatives for fixed assets held under hire purchase contracts have been restated to reflect those assets actually held under such contracts.

continued...

10. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1 July 2018 and 30 June 2019	**15,000**
NET BOOK VALUE	
At 30 June 2019	**15,000**
At 30 June 2018	15,000

11. STOCKS

	2019 £	2018 £
Stocks	**3,000,276**	3,498,700

An impairment loss of £121,758 (2018: £nil) was recognised in cost of sales against stock during the year due to slow moving and obsolete stock.

12. DEBTORS

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	**2,186,393**	2,207,071
Other debtors	**490,204**	214,570
Prepayments and accrued income	**62,286**	101,132
	2,738,883	2,522,773
Amounts falling due after more than one year:		
Other debtors	**344,172**	-
Aggregate amounts	**3,083,055**	2,522,773

An impairment loss of £4,587 (2018: reversal of an impairment loss of £28,185) was recognised against trade debtors during the year.

All debtors are financial assets that are debt instruments measured at amortised cost.

13. CURRENT ASSET INVESTMENTS

	2019 £	2018 £
Unlisted investments	**30**	30

continued...

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Bank loans and overdrafts (see note 16)	**601,782**	771,237
Other loans (see note 16)	**609,711**	1,190,442
Hire purchase contracts (see note 17)	**11,197**	35,343
Trade creditors	**1,093,334**	1,281,261
Tax	**87,705**	158,053
Social security and other taxes	**23,260**	35,464
VAT	**10,643**	6,837
Other creditors	**173,373**	137,451
Pension creditor	**4,749**	-
Accruals and deferred income	**146,015**	64,028
	2,761,769	3,680,116

All creditors are financial liabilities measured at amortised cost.

Accruals include arrears of fixed cumulative dividends of £44,363, of which £20,732 relates to the 5% preference shares over a period between February 2013 to October 2018; and £23,631 relates to the 6% preference shares over a period between April 2014 and October 2018.

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£	£
Other loans (see note 16)	**763,848**	-
Hire purchase contracts (see note 17)	**4,903**	10,787
Other creditors - 2-5 years	**201,467**	-
Other creditors - over 5 years	**142,705**	-
	1,112,923	10,787

Within other creditors is an amount totalling £390,344 (2018: £nil) in relation to a settlement agreement reached with HMRC for amounts that will be subsequently made good by the directors. Accordingly, a corresponding debtor has been accounted for in order to represent this.

The settlement is repayable in instalments and as such the creditor and corresponding debtor have been aged accordingly, with amounts due within one year of £46,172, amounts due within 2-5 years of £201,467 and amounts due in more than 5 years of £142,705.

16. LOANS

An analysis of the maturity of loans is given below:

	2019	2018
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	**233,422**	554,803
Bank loans - less than 1 year	**368,360**	216,434
Other loans	**609,711**	555,442
Preference shares	**-**	635,000
	1,211,493	1,961,679

continued...

16. **LOANS - continued**

	2019	2018
	£	£
Amounts falling due between one and two years:		
Other loans - 1-2 years	**64,269**	-
Amounts falling due between two and five years:		
Other loans - 2-5 years	**392,806**	-
Amounts falling due in more than five years:		
Repayable by instalments		
Other loans more 5yrs instal	**306,773**	-

Other loans include loans due within one year from directors of £545,442 (2018: £555,442). These loans are unsecured, do not attract interest and are repayable on demand.

Preference shares

Additional unsecured loans from directors were advanced during the year in respect of the redemption in full of preference shares (see below).

Details of shares shown as liabilities are as follows:

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019 £	2018 £
385,000	Preference 5%	£1	-	385,000
250,000	Preference 6%	£1	-	250,000
			-	635,000

Preference shares were comprised of 385,000 5% shares and 250,000 6% shares, all with a nominal value of £1 each.

The shares carried an entitlement to fixed cumulative dividends, and had first priority on the distribution of assets in the event of a winding up, with amounts due including the nominal value of the shares and any arrears of fixed cumulative dividends.

The preference shares carried no voting rights.

During the year, in August and October 2018, the company redeemed the preference shares in full through a share buyback, which was funded by loans advanced to the company from the directors.

Under the terms of the loan agreements, the company will make repayments to the directors by instalments up to August 2028 and the loans will bear interest at 3% over bank base rate.

continued...

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2019	2018
	£	£
Net obligations repayable:		
Within one year	**11,197**	35,343
Between one and five years	**4,903**	10,787
	16,100	46,130

	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	**44,100**	63,500
Between one and five years	**20,750**	-
	64,850	63,500

18. SECURED DEBTS

The following secured debts are included within creditors:

	2019	2018
	£	£
Bank overdrafts	**233,422**	554,803
Bank loans	**368,360**	216,434
Hire purchase contracts	**16,100**	46,130
Other loans	**200,000**	-
	817,882	817,367

Bank borrowings are secured by fixed charges over all properties, plant and equipment, stocks and securities, book and other debts; and by a floating charge on all other property and assets present and future.

HP loans are secured on the relevant assets under the finance agreement, in which they relate.

During the year, a finance facility agreement was secured totalling £1,500,000 in respect of the refurbishment and rebuild of the recently acquired premises at Sampson Road North. The property was purchased via a related entity, Moorcroft Holdings Limited.

Other loans noted above are an initial drawdown on this finance arrangement and have been secured via the following:

- A debenture from the Borrower in favour of the Lender;
- a personal guarantee of £400,000 made by the directors;
- an inter-company guarantee limited to £1,500,000 and supported by a second legal charge over the property to which this building work relates; and
- the subordination of directors loan monies and preference shares.

continued...

19. PROVISIONS FOR LIABILITIES

	2019	2018
	£	£
Deferred tax		
Accelerated capital allowances	**31,552**	43,251

	Deferred tax
	£
Balance at 1 July 2018	**43,251**
Credit to Income Statement during year	**(11,699)**
Balance at 30 June 2019	**31,552**

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019 £	2018 £
50,000	Ordinary	£1	**50,000**	50,000

All Ordinary shares rank pari passu with respect to voting rights, the rights to distribution of dividends and the repayment of capital.

21. RESERVES

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 July 2018	**2,822,456**	-	**2,822,456**
Profit for the year	**178,634**		**178,634**
Dividends	**(100,000)**		**(100,000)**
Purchase of own shares	**(635,000)**	**635,000**	-
At 30 June 2019	**2,266,090**	**635,000**	**2,901,090**

Retained earnings

This reserve represents all current and prior year retained profits and losses.

Capital redemption reserve

This reserves represents the nominal value of shares repurchased by the company.

22. PENSION COMMITMENTS

The company operates a defined contribution pension scheme in respect of certain employees and directors. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £10,835 (2018: £11,201).

Included within creditors is a balance due to pension providers of £3,040 (2018: £nil) representing contributions owed to the funds from the company at the year end.

continued...

23. RELATED PARTY DISCLOSURES

Ordinary dividends to directors
T I Areehy received ordinary dividends of £30,000 (2018: £30,000).

N K Areehy received ordinary dividends of £20,000 (2018: £20,000).

Z A Choudhary received ordinary dividends of £nil in the current and prior year.

Directors' interest on loans
T I Areehy advanced amounts of £195,955 to the company during the year. Interest payable to T I Areehy was £8,485 and the loan balance owed at the year end amounted to £191,513. (2018: £nil)

N K Areehy advanced amounts of £228,154 to the company during the year. Interest payable to N K Areehy was £9,879 and the loan balance owed at the year end amounted to £222,981. (2018: £nil)

Z A Choudhary advanced amounts of £218,578 to the company during the year. Interest payable to Z A Choudhary was £9,465 and the loan balance owed at the year end amounted to £213,623. (2018: £nil)

Other family members
Other family members were voted dividends of £42,000 (2018: £42,000)

Moorcroft Holdings Limited - a company under common ownership

	2019	2018
	£	£
Rent	6,000	24,000
Loans advanced	218,072	141,419
Amount due from related party	317,160	105,088

Indus Associates Limited ORBS - related pension scheme

	2019	2018
	£	£
Rent	39,500	29,625
Preference dividends charged as interest payable	7,655	72,791
Accrued preference dividends due	-	35,875
Amount due from related party	121,458	116,645

Alnoor Education Foundation Limited - a charitable company under common influence

	2019	2018
	£	£
Loans advanced	-	262
Dividends paid	8,000	8,000
Amount due from related party	105,262	105,262

Key management

Key management are considered to be the directors, whose remuneration is disclosed in the preceding notes to these financial statements.

24. CONTROL

There is no overall controlling party or parties.