Registered number: 02793607

VEGETARIAN EXPRESS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019



VEGETARIAN EXPRESS LIMITED

COMPANY INFORMATION

Directors	D M Jonas T G Kelly W J Matier E Thorne O Q J Wyncoll D R G Webster H Patel
Registered number	02793607
Registered office	7a Odhams Trading Estate St Albans Road Watford WD24 7RY
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Victoria House 199 Avebury Boulevard Milton Keynes MK9 1AU

VEGETARIAN EXPRESS LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2019

Introduction

The principal activity of the Company is the purchase, storage and sales and marketing of plant based food ingredients to the food service market in the UK.

Business review

The Directors are pleased to report a successful year of growth. As declared in the Statement of Comprehensive Income, turnover grew from £10,403,180 in 2018 to £12,856,946 in 2019 (+23.6%). Another highlight was achieving B Corp status in January 2019 which externally validates that our governance, processes and policies are industry-leading and that business decisions consider all stakeholder impacts including employees and the environment.

Vegetarian Express continues to pursue the same strategy it set out with in 1987: to fill its customers' plates with plant-based goodness, ideas and inspiration. We firmly believe that the future of food lies in plant-based diets which are better for people, the planet and business.

Vegetarian Express has since developed into the leading UK plant-based food category specialist servicing the out of home food market. Supplying over 3,000 chefs nationally it is our mission to inform, inspire and educate them to the benefits of a plant-based diet. We offer an extensive range of Vegetarian Express branded frozen, ambient and chilled products as well as some exclusive third party brands.

Principal risks and uncertainties

The largest single risk and uncertainty is the impact of Brexit. At the time of writing it is not known what form (if any) Brexit may take and the range of potential impacts on our business is wide.

Potential impacts could include: retention of staff who are uncertain about their UK status, our ability to keep certain products in stock and maintain service levels to our customers, currency fluctuations, which may increase or decrease our cost prices and finally continuity of fuel supply.

We manage and mitigate risk through a Board sub-committee, the Risk Committee, which meets on a quarterly basis through the year. The Board regularly reviews the Company's Risk Register. A number of options have been considered to mitigate Brexit risk including increasing stock holding on key products. Regular discussions are taking place with our suppliers and customers to ensure we can continue to meet client requirements.

Financial key performance indicators

The earnings before interest, taxation, depreciation and amortisation for the year was £1,540,488 (2018: £1,263,800). Please refer to note 6 for more details.

We have an extensive set of department KPI dashboards, which are reviewed on a monthly basis including key components of revenue growth.

Other key performance indicators

Other KPIs include Health and Safety standards, Customer Satisfaction (via NPS) and B Corporation objectives (Environmental and Human Capital). We have a robust reporting framework on all of these KPIs and report on a monthly basis.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

B Corporation Report

As a Certified B Corporation (B Corp), the Directors are required to file a strategic report to accompany the Company's annual accounts as if section 414B Companies Act 2006 did not apply.

2019 was a good year for the development of the Company in a number of ways:

- Significant sales growth driven by new and existing customers has meant we have helped more people reduce their meat intake improving their health and the environment around them.

- We have launched a number of new and exciting products to further entice end users. We have extended our delivery reach to further into the UK and reduce the environmental impact of our fleet with various initiatives.

- We have invested significantly in our people management capability – introducing a HR Information System tool and a number of employee based benefits, which is monitored through our internal NPS.

- We have embedded Social and Environmental Impact reporting at Board level and monitor against a KPI framework.

- We have continued to invest into our customer service levels and maintained our industry leading Customer NPS scores as a result.

Looking forward our priorities remain the same which are to provide Plant-based ingredients, Ideas and Inspiration to our customers so that they can provide delicious tasty plant-based menus.

This report was approved by the board on 7th November 2019 and signed on its behalf.

D R G Webster
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

Results and dividends

The profit for the year, after taxation, amounted to £1,136,315 *(2018 - £1,001,239).*

Directors

The directors who served during the year were:

D M Jonas
T G Kelly
W J Matier
E Thorne
O Q J Wyncoll
D R G Webster
H Patel (appointed 31 July 2018)

Directors' responsibilities statement

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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial risk management

The Company has exposures to two main areas of risk - liquidity risk and customer credit exposure.

Liquidity Risk
The objective of the Company in terms of managing liquidity is to ensure that it can meet its obligations as and when they fall and are due. The Company expects to meet its obligations and commitments as they are due through existing operating cash flow.

Customer Credit Risk
The Company has credit terms with all its customers, which allows payment of the debt once the goods have been delivered. The Company is at risk to the extent that the customer may not pay the debt on the agreed due date.

This risk is mitigated through customer agreements and contracts with regular internal reporting and monitoring of our aged debt profile and where we need to follow up, we will enter discussions with our customers.

Employee involvement

We recognize the value of employee engagement and during the course of the year we introduced a new set of improved terms and conditions for all our staff. We have regular formal communications that allow two-way dialogue for all staff and measure our effectiveness through formal reporting of key questions which we share and discuss. Our objective is to foster an environment which all employees are treated fairly and with courtesy and respect, work in a safe environment and have the opportunity to realize their potential.

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the applicants aptitudes and abilities are adequately meeting the requirements of the role. We will train and promote disabled persons where we can. Where an existing employee becomes disabled it the Company's objective to provide continued employment where possible and to provide training to achieve this aim.

Post balance sheet events

There have been no significant events affecting the company since the year end.

Disclosure of information to auditor

The directors confirm that:

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

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 4th November 2019 and signed on its behalf.



D R G Webster
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VEGETARIAN EXPRESS LIMITED

Opinion

We have audited the financial statements of Vegetarian Express Limited (the 'company') for the year ended 31 March 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and 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 31 March 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 included in the Annual Report, other than the financial statements and our Auditor's Report 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 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.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 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.

Grant Thornton UK LLP

Yuvan Deena BSc ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes
Date: 13 November 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £	*2018 £*
Turnover	4	**12,856,946**	*10,403,180*
Cost of sales		**(8,820,379)**	*(7,222,173)*
Gross profit		**4,036,567**	*3,181,007*
Administrative expenses		**(2,680,799)**	*(1,997,884)*
Operating profit	5	**1,355,768**	*1,183,123*
Interest receivable and similar income	10	**-**	*9*
Interest payable and expenses	11	**(2,533)**	*-*
Profit before tax		**1,353,235**	*1,183,132*
Tax on profit	12	**(216,920)**	*(181,893)*
Profit for the financial year		**1,136,315**	*1,001,239*

There was no other comprehensive income for 2019 (2018: £NIL).

The notes on pages 12 to 28 form part of these financial statements.

The results shown above arose from continuing operations.

All profits are attributable to the owners of the parent undertaking.

VEGETARIAN EXPRESS LIMITED
REGISTERED NUMBER:02793607

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note		2019 £		*2018 £*
Fixed assets					
Intangible assets	13		**179,208**		*83,377*
Tangible assets	14		**732,759**		*285,153*
			911,967		*368,530*
Current assets					
Stocks	15	**748,817**		*477,937*	
Debtors: amounts falling due within one year	16	**6,529,242**		*5,577,193*	
Cash at bank and in hand	17	**699,826**		*737,879*	
		7,977,885		*6,793,009*	
Creditors: amounts falling due within one year	18	**(2,187,696)**		*(1,918,338)*	
Net current assets			**5,790,189**		*4,874,671*
Total assets less current liabilities			**6,702,156**		*5,243,201*
Creditors: amounts falling due after more than one year	19		**(260,762)**		-
Provisions for liabilities					
Deferred tax	22	**(90,968)**		*(29,090)*	
Other provisions	23	**(124,793)**		*(124,793)*	
			(215,761)		*(153,883)*
Net assets			**6,225,633**		*5,089,318*
Capital and reserves					
Called up share capital	24		**100**		*100*
Profit and loss account	25		**6,225,533**		*5,089,218*
			6,225,633		*5,089,318*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

H Patel
Director 7th November 2019

The notes on pages 12 to 28 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2018	100	5,089,218	5,089,318
Comprehensive income for the year			
Profit for the year	-	1,136,315	1,136,315
At 31 March 2019	100	6,225,533	6,225,633

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2017	100	4,087,979	4,088,079
Comprehensive income for the year			
Profit for the year	-	1,001,239	1,001,239
At 31 March 2018	100	5,089,218	5,089,318

The notes on pages 12 to 28 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. General information

Vegetarian Express Limited is a private company limited by shares and registered in England and Wales. Its registered head office is located at 7a Odhams Trading Estate, St Albans Road, Watford, Herts, United Kingdom, WD24 7RY.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in Sterling (£). The functional currency is Sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Vegetarian Express Topco Limited as at 31 March 2019 and these financial statements may be obtained from Companies House.

2.3 Going concern

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing the financial statements.

2. Accounting policies (continued)

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software	-	4 years

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Long-term leasehold property	- over the terms of the lease
Plant and machinery	- 4 years
Motor vehicles	- 3 to 5 years
Fixtures and fittings	- 4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2. Accounting policies (continued)

2.10 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2. Accounting policies (continued)

2.13 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.14 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

2.15 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2. Accounting policies (continued)

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include revenue recognition, the recoverability of stock and deferred tax.

Judgements in applying accounting policies
The directors must judge whether all of the conditions required for revenues to be recognised in the Statement of Comprehensive Income for the financial year have been met.

Key sources of estimation
There are key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have significant risk of causing material adjustment to the carrying value of assets and liabilities within the next reporting period, these include:

(i) Useful economic life of fixed assets - note 14

(ii) Recoverability of stock - note 15

(iii) Recoverability of trade debtors - note 16

(iv) Recognition of deferred tax - note 22

(v) Dilapidation provision - note 23

4. Turnover

All turnover arose within the United Kingdom and arose from the only principal activity of the Company.

5. Operating profit

The operating profit is stated after charging:

	2019	2018
	£	£
Depreciation of owned tangible fixed assets	**154,976**	*73,197*
Amortisation of intangible assets	**29,744**	*7,480*
Operating lease rentals	**557,094**	*454,486*

6. Reconciliation from profit before tax to earnings before interest tax, depreciation and amortisation (EBITDA)

	2019	2018
	£	£
Profit before tax	**1,353,235**	*1,183,132*
Add interest expense	**2,533**	-
Less interest income	**-**	*(9)*
Add depreciation	**154,976**	*73,197*
Add amortisation	**29,744**	*7,480*
EBITDA	**1,540,488**	*1,263,800*

7. Auditor's remuneration

	2019	2018
	£	£
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	**17,000**	*16,925*

Fees payable to the company's auditor and its associates in respect of:

Taxation compliance services	**4,275**	*4,150*
Accounts preparation	**850**	*850*

8. Employees

	2019 £	*2018* *£*
Wages and salaries	**2,167,072**	*1,755,551*
Social security costs	**218,334**	*193,417*
Cost of defined contribution scheme	**28,981**	*11,529*
	2,414,387	*1,960,497*

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	*2018* *No.*
Employees	**62**	*56*

9. Directors' remuneration

	2019 £	*2018* *£*
Directors' emoluments	**353,572**	*342,442*
Company contributions to defined contribution pension schemes	**2,270**	*1,334*
	355,842	*343,776*

During the year retirement benefits were accruing to 4 directors *(2018 - 4)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £132,583 *(2018 - £118,582)*.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £806 *(2018 - £426)*.

10. Interest receivable

	2019 £	*2018* *£*
Other interest receivable	**-**	*9*

11. Interest payable and similar expenses

	2019 £	*2018* *£*
Finance leases and hire purchase contracts	**2,533**	-

12. Taxation

	2019 £	*2018* *£*
Corporation tax		
Current tax on profits for the year	**159,703**	*171,520*
Adjustments in respect of previous periods	**(4,661)**	-
	155,042	*171,520*
Total current tax	**155,042**	*171,520*
Deferred tax		
Origination and reversal of timing differences	**49,280**	*10,373*
Adjustments in respect of previous periods	**12,598**	-
Total deferred tax	**61,878**	*10,373*
Taxation on profit on ordinary activities	**216,920**	*181,893*

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2018 - lower than)* the standard rate of corporation tax in the UK of 19% *(2018 - 19%)*. The differences are explained below:

	2019 £	*2018* *£*
Profit on ordinary activities before tax	**1,353,235**	*1,183,132*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	**257,115**	*224,795*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**904**	*4,940*
Capital allowances for year in excess of depreciation	**4,400**	*7,756*
Adjustments to tax charge in respect of prior periods	**7,937**	-
Short term timing difference leading to an increase/(decrease) in taxation	**(5,799)**	*(1,220)*
Group relief claimed	**(47,637)**	*(54,378)*
Total tax charge for the year	**216,920**	*181,893*

Factors that may affect future tax charges

The main rate of UK corporation tax will reduce to 17% from 1 April 2020. These changes have been substantively enacted at the Balance Sheet date. Temporary differences have been measured using the enacted tax rates that are expected to apply when the liability is settles or the asset realised.

13. Intangible assets

	Software £
Cost	
At 1 April 2018	**90,857**
Additions	**125,575**
At 31 March 2019	**216,432**
Amortisation	
At 1 April 2018	**7,480**
Charge for the year	**29,744**
At 31 March 2019	**37,224**
Net book value	
At 31 March 2019	**179,208**
At 31 March 2018	*83,377*

14. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 April 2018	**437,479**	**30,040**	**30,529**	**145,188**	**643,236**
Additions	**142,335**	**1,954**	**393,601**	**64,692**	**602,582**
Disposals	**-**	**(26,119)**	**(30,529)**	**-**	**(56,648)**
At 31 March 2019	**579,814**	**5,875**	**393,601**	**209,880**	**1,189,170**
Depreciation					
At 1 April 2018	**222,182**	**26,737**	**27,295**	**81,869**	**358,083**
Charge for the year on owned assets	**55,484**	**1,231**	**42,561**	**31,704**	**130,980**
Charge for the year on financed assets	**-**	**-**	**23,996**	**-**	**23,996**
Disposals	**-**	**(26,119)**	**(30,529)**	**-**	**(56,648)**
At 31 March 2019	**277,666**	**1,849**	**63,323**	**113,573**	**456,411**
Net book value					
At 31 March 2019	**302,148**	**4,026**	**330,278**	**96,307**	**732,759**
At 31 March 2018	*215,297*	*3,303*	*3,234*	*63,319*	*285,153*

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £	*2018 £*
Motor vehicles	**328,755**	-
	328,755	-

15. Stocks

	2019 £	2018 £
Food ingredients	**748,817**	*477,937*

16. Debtors

	2019 £	2018 £
Trade debtors	**2,507,401**	*2,668,035*
Amounts owed by group undertakings	**3,781,664**	*2,799,803*
Other debtors	**72,990**	*46,577*
Prepayments and accrued income	**167,187**	*62,778*
	6,529,242	*5,577,193*

17. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	**699,826**	*737,879*

18. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	**1,434,302**	*1,368,662*
Corporation tax	**49,558**	*171,036*
Other taxation and social security	**62,784**	*46,246*
Obligations under finance lease and hire purchase contracts	**74,140**	-
Other creditors	**7,850**	*82,974*
Accruals and deferred income	**559,062**	*249,420*
	2,187,696	*1,918,338*

19. Creditors: Amounts falling due after more than one year

	2019	2018
	£	£
Net obligations under finance leases and hire purchase contracts	**260,762**	-
	260,762	-

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2019	2018
	£	£
Within one year	**74,140**	-
Between 1-5 years	**260,762**	-
	334,902	-

21. Financial instruments

	2019	2018
	£	£
Financial assets		
Financial assets measured at fair value through profit or loss	**699,826**	*737,879*
Financial assets that are debt instruments measured at amortised cost	**2,580,391**	*2,714,612*
	3,280,217	*3,452,491*
Financial liabilities		
Financial liabilities measured at amortised cost	**(2,336,116)**	*(1,701,056)*

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, obligations under finance lease and hire purchase contracts, other creditors and accruals.

22. Deferred taxation

	2019 £	*2018* *£*
At beginning of year	**(29,090)**	*(18,717)*
Charged to profit or loss	**(61,878)**	*(10,373)*
At end of year	**(90,968)**	*(29,090)*

The provision for deferred taxation is made up as follows:

	2019 £	*2018* *£*
Accelerated capital allowances	**(91,761)**	*(29,090)*
Short term timing differences	**793**	-
	(90,968)	*(29,090)*

23. Other provisions

	Dilapidation provision £
At 1 April 2018	**124,793**
At 31 March 2019	**124,793**

24. Share capital

	2019 £	*2018* *£*
Allotted, called up and fully paid		
100 *(2018 - 100)* Ordinary shares of £1 each	**100**	*100*

25. Reserves

Profit and loss account

Includes all current and prior periods retained profits and losses.

26. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The value of £28,981 *(2018: £11,529)* was contributions payable by the company for the year.

Contributions totalling £5,661 (*2018: £Nil*) were payable to the fund at the reporting date and are included in other creditors.

27. Commitments under operating leases

At 31 March 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	*2018* *£*
Land and buildings		
Not later than 1 year	**200,000**	*200,000*
Later than 1 year and not later than 5 years	**540,323**	*740,323*
	740,323	*940,323*

	2019 £	*2018* *£*
Other operating leases		
Not later than 1 year	**172,482**	*193,140*
Later than 1 year and not later than 5 years	**111,962**	*177,946*
	284,444	*371,086*

28. Controlling party

The ultimate parent company is Vegetarian Express Topco Limited, by virtue of their 100% shareholding rights in their immediate subsidiary, Vegetarian Express Bidco Limited.

The controlling party is Bridges Ventures Fund III LP by virtue of their majority shareholding and voting rights in the ultimate parent company, Vegetarian Express Topco Limited.

29. Related party transactions

As a wholly owned subsidiary of Vegetarian Express Topco Limited, the company is exempt from the requirement to disclose transactions with other members of the group headed by Vegetarian Express Topco Limited.

During the year the company incurred costs of £15,984 (*2018: £49,945*) payable to David Jonas, a Director, in relation to management services in the period.

The company incurred costs of £38,957 (*2018: £39,010*) payable to Tim Kelly, a Director, in relation to management services in the period.

The company also incurred costs of £30,501 (*2018: £30,000*) payable to Bridges Ventures Fund III LP, the ultimate controlling party, in relation to a service charge for the period.