Vegetarian Express Limited

Annual Report and Financial Statements

For the year ended 31 March 2022

Company Registration No. 02793607 (England and Wales)

Vegetarian Express Limited

Company Information

Directors	D M Jonas T G Kelly D R Knight W J Matier H Patel D R G Webster E Thorne
Company number	02793607
Registered office	Unit 7a St Albans Road Watford United Kingdom WD24 7RY
Auditor	Moore Kingston Smith LLP 4 Victoria Square St Albans Hertfordshire AL1 3TF

Vegetarian Express Limited

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Vegetarian Express Limited

Strategic Report

For the year ended 31 March 2022

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

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

Fair review of the business

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 a 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.

As declared in the Statement of Comprehensive Income, turnover for the year ending 31 March 2022 is £10,466,526 (2021: £2,642,660).

The performance of Vegetarian Express during the financial year continued to be impacted by Covid-19. However, the Company has demonstrated resilience as a result of the measures undertaken. These measures have left the Company in a strong position to recover and manage sales growth as restrictions eased towards the end of the financial year. This has been clearly demonstrated though strong sales growth and return to profitability in the first quarter post year end. Our sales growth is aided by the returning growth of customers as Covid-19 recedes, with performance starting to surpass pre-pandemic levels, and the Company starting to return to pre-pandemic sales industry mix, but with additional benefit of growth into new sectors.

Vegetarian Express continue to gain momentum and reputation as the go-to for premium plant-based innovation and ingredients. We are increasingly the first point of call for manufacturers and brands looking to launch their products into UK Foodservice. Our strategy remains resolute to have a highly differentiated range of best in class plant-based products. We are privileged to work with the best in the business, and exciting up and coming manufacturers who want to work with us to produce best in class plant-based products, targeted at discerning chefs.

Vegetarian Express has seen strong signs of growth into previously untapped foodservice sectors during the year. Vegetarian Express have gained prestigious customers and seen real growth particular into Restaurant and Hotel sectors. In addition, there has also been encouraging growth in the University Catering sector, which has long been identified as a key growth area, with exponentially increasing demand for plant-based food from students plus universities looking to support their ESG agendas by getting more plant-based food on menus.

In order to manage the significant year on year sales growth the Company has continued to invest in the future of the business to ensure it is ready to meet and exceed the returning demand. This investment has been business wide, from building stock (both existing and new NPD), investment in people and continued funding of our dedicated e-commerce channel.

The e-commerce channel was in response to the impact on hospitality during the pandemic and as an opportunity to diversify and strengthen Vegetarian Express, the Company launched a dedicated e-commerce platform channel (www.vegex.co.uk) during the prior year ended March 2021. The D2C Plant-based market is one of the fastest growing sectors in the world, and there is a clear opportunity for Vegetarian Express to become a key specialist player. Vegetarian Express continues to build and enhance our online-plant-based food store, underpinned by the expertise, specialist range, and unique operational capabilities of the core business. As the 'original plant-based foodies', we're well positioned to appeal to flexitarians and meat-reducers (the biggest growth market). Our aim is to make delicious plant-based food more accessible to consumers at home, delivered to their door when they want it, and supported by our plant-based inspiration, innovation and expertise.

Principal risks and uncertainties

Covid-19 presented a risk to our business during the financial year, in particular the first half, however post restrictions being eased in the second half of the year, Vegetarian Express has experienced strong sales growth and a return to profitability post March 2022 financial year end. This demonstrates the Company has successfully managed through these risks. However, it is acknowledged that Covid-19 continues to be a potential risk as we look forward.

The risk impacts us in a number of ways

1. Staff

The directors see the health, safety and welfare of our staff as our top priority and have continued to take measures to protect them which include: working from home as required, flexible working practices in the office, in the warehouse and in our vans.

2. Customers

The majority of our customers have been negatively impacted, however we are now being aided by the returning growth of customers and beginning to surpass pre-pandemic levels. We have prioritised continuing to support them through maintaining our service, a full product range and continued communication.

3. Funding

The directors have considered the working capital needs of the business for the 12-month period from approval of these financial statements. Those projections incorporate the latest estimate of the timing and value of sales revenue, the commensurate cost of sales, overheads and the receipt of funding. As of the date of signing, additional shareholder funding has been approved to draw down as required. The directors strongly believe that adequate working capital will be available for the 12 months from the date of the approval of these financial statements.

On the basis of the projections, funding already received post year end as well as committed future shareholder funding, and the business' strong history of profitable trading under normal circumstances including profitability recorded in the first quarter post year end, the directors consider that the Company will continue in operational existence for the foreseeable future and accordingly the directors consider it appropriate to prepare the accounts on a going concern basis.

Covid-19 aside, an additional risk that the Company is continuing to monitor is inflation. With inflation rates rising in the post pandemic era Vegetarian Express will continue to monitor and mitigate the impact of this. A number of mitigating factors have already been implemented including the appointment of a new Head of Procurement, managing supplier inflationary pressures through our pricing reviews with customers, switching suppliers where appropriate to do so as well as focusing on own label products. Whilst we recognise that the Company is not immune to the risk of further inflation the directors believe it is manageable particularly as Vegetarian Express is well placed in the market when considering the price raises being seen in meat and fish produce.

Key performance indicators

Financial

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

Other

Other KPIs include Health and Safety standards, Customer Satisfaction (via Net Promotor Score, 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.

Other information and explanations

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.

During the year we continued to undertake development of the Company in a number of ways:

- Engaged with new and existing customers, enabling us to continue to help more people reduce their meat intake, improving their health and reducing carbon emissions.
- We continue to focus and launch a number of new and exciting products to further entice end users. We have extended our delivery reach further into the UK and reduced the environmental impact of our fleet with various initiatives.
- We have invested significantly in our people management capability as well as employee training, in particular plant-based product training for our rapidly expanding sales team so they can better support our customers.
- We have expanded our development chef team to enable us to invest more time delivering plant-based training with customers to help us further our mission to get more plant-based food on menus.
- We have continued with Social and Environmental Impact reporting at Board level and monitor against a KPI framework
- We continue to work with charities to donate surplus or short-dated stock

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 plant-based menus.

On behalf of the board

D R G Webster
Director

7 December 2022

Vegetarian Express Limited

Directors' Report

For the year ended 31 March 2022

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

Principal activities
The principal activity of the company continued to be that of the purchase, storage, sale and marketing of plant-based food ingredients to the food service market in the UK.

Results and dividends
The results for the year are set out on page 11.

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

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

D M Jonas
T G Kelly
D R Knight
W J Matier
H Patel
D R G Webster
E Thorne

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.

Financial instruments
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. During the year the directors have continually reviewed working capital requirements and where necessary sought additional funding to ensure it meets its obligations and commitments as they are due.

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.

The 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.

Disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

We recognise 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.

Auditor

Moore Kingston Smith LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

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

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

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

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

Matters covered in the Strategic Report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the business review and the detail of the principal risks and uncertainties of the Company.

Statement of disclosure to auditor

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

On behalf of the board

D R G Webster
Director

7 December 2022

Vegetarian Express Limited

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 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity 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 company's affairs as at 31 March 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our audit:

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

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

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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks 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 to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

Jeremy Read (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

7 December 2022

Chartered Accountants
Statutory Auditor

4 Victoria Square
St Albans
Hertfordshire
AL1 3TF

Vegetarian Express Limited

Statement of Comprehensive Income

For the year ended 31 March 2022

	Notes	2022 £	2021 £
Turnover	3	10,466,526	2,642,660
Cost of sales		(8,232,269)	(3,456,532)
Gross profit/(loss)		2,234,257	(813,872)
Administrative expenses		(3,627,310)	(2,565,297)
Other operating income		28,726	664,727
Operating loss	4	(1,364,327)	(2,714,442)
Interest payable and similar expenses	8	(100,870)	(19,823)
Loss before taxation		(1,465,197)	(2,734,265)
Tax on loss	9	136,277	508,362
Loss for the financial year		(1,328,920)	(2,225,903)

There was no other comprehensive income for 2022 (2021: £Nil).

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

Vegetarian Express Limited

Balance Sheet

As at 31 March 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Intangible assets	**10**		389,724		437,339
Tangible assets	**11**		661,399		1,026,333
			1,051,123		1,463,672
Current assets					
Stock	**12**	972,562		440,580	
Debtors	**13**	5,832,811		5,762,130	
Cash at bank and in hand		13,326		4,985	
		6,818,699		6,207,695	
Creditors: amounts falling due within one year	**14**	(3,875,114)		(2,156,073)	
Net current assets			2,943,585		4,051,622
Total assets less current liabilities			3,994,708		5,515,294
Creditors: amounts falling due after more than one year	**15**		(395,803)		(557,192)
Provisions for liabilities					
Provisions	**18**	(300,650)		(194,650)	
Deferred tax liability	**19**	-		(136,277)	
			(300,650)		(330,927)
Net assets			3,298,255		4,627,175
Capital and reserves					
Called up share capital	**21**		100		100
Profit and loss reserves			3,298,155		4,627,075
Total equity			3,298,255		4,627,175

The financial statements were approved by the board of directors and authorised for issue on 7 December 2022 and are signed on its behalf by:

H Patel
Director

Company Registration No. 02793607

Vegetarian Express Limited

Statement of Changes in Equity

For the year ended 31 March 2022

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 2020	100	6,852,978	6,853,078
Year ended 31 March 2021:			
Loss and total comprehensive income for the year	-	(2,225,903)	(2,225,903)
Balance at 31 March 2021	100	4,627,075	4,627,175
Year ended 31 March 2022:			
Loss and total comprehensive income for the year	-	(1,328,920)	(1,328,920)
Balance at 31 March 2022	100	3,298,155	3,298,255

1 Accounting policies

Company information

Vegetarian Express Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 7a St Albans Road, Watford, United Kingdom, WD24 7RY.

1.1 Accounting convention

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

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

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Vegetarian Express Topco Limited. These consolidated financial statements are available from its registered office, One. St Peter's Square, Manchester, United Kingdom, M2 3DE.

1 Accounting policies **(Continued)**

1.2 Going concern

The results for the year reflect an improvement over those in 2020 as the impact of Covid-19 has lessened, but remain below those achieved before the pandemic. Turnover has increased to £10.5m (2021: £2.6m), with a reduction in the loss for the year to £1.3m compared with £2.2m in 2021. At the balance sheet date, the company had net assets of £3.3m, and net current assets of £2.9m. Post year end, turnover continues to increase towards pre-pandemic levels (on current run rate, these levels will be exceeded for the year ended 31 March 2023), with a corresponding improvement in the results for the current year to date.

The directors have produced future forecasts to March 2025 which are based upon levels of funding currently in place for the company. These forecasts assume the continued availability of the company's overdraft and invoice discounting facilities at their current levels, both of which have recently been renewed since the balance sheet date. Post year end, new loan notes were issued to the company's parent undertaking (Vegetarian Express Bidco Limited) amounting to £500k, the proceeds from which were received in this company. While not required according to the forecasts, the parent company's investors have a further £300k approved of loan note funding. The loan note holders in Vegetarian Expresss Bidco Limited have also confirmed their continued support of the parent company and Vegetarian Express Limited by confirming that they will not seek repayment of any loan note capital or loan note interest for a period of at least 12 months from the date of approval of these financial statements.

The forecasts show that the company will continue to be able to repay its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements. The company is currently trading in line with the latest forecasts, which do not indicate the need for any additional funding in the next 12 months. The company was historically profitable before the Covid-19 pandemic, and notwithstanding the contingent risk of something similar to another Covid-19 pandemic, the directors are confident in the company's ability to trade beyond pre-pandemic levels in the very near future, in particular given the continued increase in demand for plant-based products. November 2022 for example, was the highest sales month in the company's history and year to date trading is at an EBITDA of +£550k to 31 October 2022 based on the company's management accounts.

Accordingly, the directors have prepared the financial statements on a going concern basis.

1.3 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

In practice these conditions are satisfied on delivery, hence this is the point of revenue recognition.

1 Accounting policies **(Continued)**

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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:

Software	4 years

1.5 Tangible fixed assets

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

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

Leasehold land and buildings	over the terms of the lease
Plant and equipment	4 years
Fixtures and fittings	4 years
Motor vehicles	3 to 5 years

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.

1.6 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.

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.

1.7 Stock

Stock are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

1 Accounting policies **(Continued)**

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

1.8 Cash and cash equivalents

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

1.9 Financial instruments

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

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

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

Basic financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

1 Accounting policies **(Continued)**

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

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

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

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

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

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

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

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

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

1 Accounting policies **(Continued)**

1.12 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.13 Employee benefits

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

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

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

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

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

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

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leases asset are consumed.

1.16 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.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1 Accounting policies **(Continued)**

1.17 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

There are key assumptions concerning 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:

- Useful economic life of tangible fixed assets
- Recoverability of stock
- Recoverability of trade debtors
- Assessment of dilapidations provision

3 Turnover and other revenue

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

	2022	2021
	£	£
Other significant revenue		
Furlough income	28,726	664,727

4 Operating loss

	2022	2021
Operating loss for the year is stated after charging/(crediting):	£	£
Furlough income	(28,726)	(664,727)
Depreciation of owned tangible fixed assets	379,824	401,627
Profit on disposal of tangible fixed assets	-	(2,000)
Amortisation of intangible assets	187,635	139,066
Operating lease charges	278,593	305,444

5 Auditor's remuneration

Fees payable to the company's auditor and associates:	2022 £	2021 £
For audit services		
Audit of the financial statements of the company	23,000	19,500
For other services		
Taxation compliance services	3,950	5,250
All other non-audit services	1,875	867
	5,825	6,117

6 Employees

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

	2022 Number	2021 Number
	65	68

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	2,075,242	2,006,129
Social security costs	213,239	188,195
Pension costs	53,143	50,365
	2,341,624	2,244,689

7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	279,940	273,996
Company pension contributions to defined contribution schemes	8,355	7,763
	288,295	281,759

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2021 - 4).

The highest paid director received remuneration of £148,750 (2021: £137,750).

7 Directors' remuneration **(Continued)**

The value of the Company's contributions paid to a defined benefit contribution pension scheme in respect of the highest paid director amounted to £4,463 (2021: £4,133).

During the year there were 2 directors (2021: 2) who did not receive remuneration directly from the Company rather the service charge was payable to Bridges Ventures Fund III LP.

There are no key management personnel in the Group other than the Directors.

8 Interest payable and similar expenses

	2022	2021
	£	£
Interest on invoice finance arrangements	32,635	2,166
Interest on finance leases and hire purchase contracts	68,235	17,657
	100,870	19,823

9 Taxation

	2022	2021
	£	£
Current tax		
Adjustments in respect of prior periods	-	(436,502)
Deferred tax		
Origination and reversal of timing differences	(136,277)	(71,860)
Total tax credit	(136,277)	(508,362)

9 Taxation (Continued)

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

	2022 £	2021 £
Loss before taxation	(1,465,197)	(2,734,265)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(278,387)	(519,510)
Tax effect of expenses that are not deductible in determining taxable profit	(193)	94
Unutilised tax losses carried forward	-	436,502
Change in unrecognised deferred tax assets	142,303	-
Adjustments in respect of prior years	-	(436,502)
Depreciation on assets not qualifying for tax allowances	-	11,054
Taxation credit for the year	(136,277)	(508,362)

10 Intangible fixed assets

	Software £
Cost	
At 1 April 2021	693,860
Additions	140,020
At 31 March 2022	833,880
Amortisation and impairment	
At 1 April 2021	256,521
Amortisation charged for the year	187,635
At 31 March 2022	444,156
Carrying amount	
At 31 March 2022	389,724
At 31 March 2021	437,339

11 Tangible fixed assets

	Freehold land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2021	753,414	43,281	309,983	1,020,551	2,127,229
Additions	-	4,983	42,746	-	47,729
Disposals	-	-	(73,734)	(64,437)	(138,171)
At 31 March 2022	753,414	48,264	278,995	956,114	2,036,787
Depreciation and impairment					
At 1 April 2021	514,717	19,401	214,629	352,149	1,100,896
Depreciation charged in the year	142,730	10,650	50,634	175,810	379,824
Eliminated in respect of disposals	-	-	(73,737)	(31,595)	(105,332)
At 31 March 2022	657,447	30,051	191,526	496,364	1,375,388
Carrying amount					
At 31 March 2022	95,967	18,213	87,469	459,750	661,399
At 31 March 2021	238,697	23,880	95,354	668,402	1,026,333

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

	2022	2021
	£	£
Plant and equipment	9,413	16,058
Motor vehicles	458,769	667,091
	468,182	683,149

12 Stock

	2022	2021
	£	£
Food ingredients	972,562	440,580

The carrying value of stocks are stated net of impairment losses totalling £75,810 (2021: £160,000).

Impairment losses totalling £147,544 (2021: £319,097) were recognised in the profit and loss.

13 Debtors

Amounts falling due within one year:	2022 £	2021 £
Trade debtors	1,384,957	165,364
Corporation tax recoverable	436,865	436,865
Amounts owed by group undertakings	3,778,762	4,879,097
Other debtors	83,651	83,256
Prepayments and accrued income	148,576	197,548
	5,832,811	5,762,130

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

An impairment loss of £110,342 (2021: £39,023) was recognised against trade debtors.

14 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	16	831,412	410,660
Obligations under finance leases	17	199,587	236,030
Trade creditors		1,370,936	801,126
Taxation and social security		73,786	42,132
Other creditors		981,889	262,224
Accruals and deferred income		417,504	403,901
		3,875,114	2,156,073

Amounts due in relation to finance leases are secured by fixed and floating charges over assets the lease relates to.

Included within other creditors are amounts due in relation to the working capital bank facility. These are secured by a fixed charge over the purchased debts and a floating charge over amounts due to the facility provider.

15 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Obligations under finance leases	17	395,803	557,192

16 Loans and overdrafts

	2022	2021
	£	£
Bank overdrafts	831,412	410,660
Payable within one year	831,412	410,660

Amounts due in relation to bank overdrafts are secured by fixed and floating charges over all the assets and undertakings of Vegetarian Express Topco Limited and the wider group.

17 Finance lease obligations

	2022	2021
Future minimum lease payments due under finance leases:	£	£
Within one year	224,727	266,541
In two to five years	415,979	630,718
	640,706	897,259

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

18 Provisions for liabilities

	2022	2021
	£	£
Dilapidations	300,650	160,000
Stock committed not purchased	-	34,650
	300,650	194,650

18 Provisions for liabilities **(Continued)**

Movements on provisions:

	Dilapidations	Stock committed not purchased	Total
	£	£	£
At 1 April 2021	160,000	34,650	194,650
Utilisation of provision	-	(34,650)	(34,650)
Other movements	140,650	-	140,650
At 31 March 2022	300,650	-	300,650

Dilapidations provision

This is a provision which has built up to reflect the cost of returning the Company's rented property to its original form. While it is probable that some costs will be incurred however, there is some uncertainty over the amount payable, and the current provision is considered prudent by management.

19 Deferred taxation

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

Balances:	Liabilities 2022 £	Liabilities 2021 £
Accelerated capital allowances	140,311	189,092
Tax losses	(128,858)	(49,454)
Short term timing differences	(11,453)	(3,361)
	-	136,277

Movements in the year:	2022 £
Liability at 1 April 2021	136,277
Credit to profit or loss	(136,277)
Liability at 31 March 2022	-

20 Retirement benefit schemes

Defined contribution schemes	2022 £	2021 £
Charge to profit or loss in respect of defined contribution schemes	53,143	50,365

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. Contributions totalling £15,845 (2021: £7,859) were payable to the fund at the Balance Sheet date and are included in other creditors.

21 Share capital

Ordinary share capital Issued and fully paid	2022 Number	2021 Number	2022 £	2021 £
Ordinary shares of £1 each	100	100	100	100

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

22 Reserves

Profit and loss account

Includes all current and prior periods retained profits and losses.

23 Operating lease commitments

Lessee

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

	2022 £	2021 £
Within one year	205,696	235,233
Between two and five years	64,890	188,539
	270,586	423,772

24 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 Group incurred costs of £77 (2021: £36) payable to David Jonas, a Director, in relation to out of pocket expenses in the period of which £41 (£Nil) were outstanding as of the year end.

The Group incurred costs of £28,200 (2021: £14,100) payable to Tim Kelly, a Director, in relation to management services in the period of which £2,485 (£4,970) were outstanding as of the year end. The Group also incurred costs of £1,109 (2021: £630) payable to Tim Kelly, a Director, in relation to out of pocket expenses in the period of which £Nil (2021: £Nil) were outstanding as of the year end.

The Group incurred costs of £40 (2021: £Nil) payable to Will Matier, a Director, in relation to out of pocket expenses in the period of which £40 (£Nil) were outstanding as of the year end.

The Group also incurred costs of £15,000 (2021: £Nil) payable to Bridges Ventures Fund III LP, the ultimate controlling party, in relation to a service charge for the period of which £15,000 (£NIL) were outstanding as of the year end.

25 Ultimate 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 registered office of Vegetarian Express Topco Limited is One, St Peter's Square, Manchester, M2 3DE.

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

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Vegetarian Express Topco Limited. Copies of the group accounts are available to the public and can be obtained from Companies House, Ground Floor, 80 Petty France, London, SW1H 9EX.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.