

COMPANY REGISTRATION NUMBER 04105745

**INDO EUROPEAN FOODS LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR**  
**31 MARCH 2014**

**INGER & COMPANY**

Chartered Accountants & Statutory Auditor  
7 Redbridge Lane East  
Redbridge, Ilford  
Essex IG4 5ET

# INDO EUROPEAN FOODS LIMITED

## FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

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# **INDO EUROPEAN FOODS LIMITED**

## **THE DIRECTORS' REPORT**

**YEAR ENDED 31 MARCH 2014**

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The directors present their report and the financial statements of the company for the year ended 31 March 2014.

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company during the year was processing and wholesale of food products.

The 2014 results have shown an improvement over 2013 despite a highly competitive business environment.

Sales increased by £1.71 million (9.13 %) to £20.4 million (2013 - £18.7 million), leading to an improvement in the operating profit from £5,046 to £713,167, despite an increase in administrative expenses of £463,841.

After taking into account interest charges, the company made a net profit of £330,215 (2013 - loss £315,873).

The directors have continued to monitor the overall progress of the company by reference to certain financial key performance indicators (KPIs). These are intended to measure and communicate the financial performance of the company as a whole. KPIs are in place to measure sales, profitability, cash generation and return on capital employed.

### **FUTURE DEVELOPMENTS**

The company will continue to concentrate on profitable growth and the directors are confident that the performance in terms of sales and profitability will show a further improvement next year. The company is focused on further strengthening distribution and penetration of existing and new brands and products.

### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £253,221. The directors have not recommended a dividend.

### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The directors recognise the need for vigilance in the face of financial and operations risks to the company.

The company is subject to the effect of changes in raw material prices and changes in foreign currency exchange rates (principally the US dollar and Euro). It is also exposed to changes in interest rates. The directors are aware of the risks and monitor these on a regular basis.

### **DIRECTORS**

The directors who served the company during the year were as follows:

Mr Jugal Kishore Arora  
Mr Gurnam Arora  
Mr Sumit Arora

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

### **FIXED ASSETS**

Details of movements in tangible fixed assets are shown in the note 8 to the accounts.

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# INDO EUROPEAN FOODS LIMITED

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2014

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### **DIRECTORS' RESPONSIBILITIES**

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

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

In preparing those financial statements, the directors are required to:

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

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

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

# INDO EUROPEAN FOODS LIMITED

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2014

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Registered office:  
Kohinoor House  
Langer Road  
Felixstowe  
Suffolk IP11 2BW

Signed on behalf of the directors

MR S ARORA  
Director

Approved by the directors on 27 May 2014

**INDO EUROPEAN FOODS LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**  
**INDO EUROPEAN FOODS LIMITED**  
**YEAR ENDED 31 MARCH 2014**

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We have audited the financial statements of Indo European Foods Limited for the year ended 31 March 2014. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 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.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# INDO EUROPEAN FOODS LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INDO EUROPEAN FOODS LIMITED *(continued)*

YEAR ENDED 31 MARCH 2014

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### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



R C PATEL (Senior Statutory Auditor)  
For and on behalf of  
INGER & COMPANY  
Chartered Accountants  
& Statutory Auditor

7 Redbridge Lane East  
Redbridge, Ilford  
Essex IG4 5ET

27 May 2014

# INDO EUROPEAN FOODS LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2014

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	Note	2014 £	2013 £
<b>TURNOVER</b>	<b>2</b>	<b>20,404,254</b>	18,696,552
Cost of sales		<u>16,585,279</u>	<u>16,112,363</u>
<b>GROSS PROFIT</b>		<b>3,818,975</b>	2,584,189
Distribution costs		566,489	501,447
Administrative expenses		2,542,530	2,078,689
Other operating income		<u>(3,211)</u>	<u>(993)</u>
<b>OPERATING PROFIT</b>	<b>3</b>	<b>713,167</b>	5,046
Interest payable and similar charges	<b>6</b>	<b>382,952</b>	320,919
		<u>                    </u>	<u>                    </u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>330,215</b>	(315,873)
Tax on profit/(loss) on ordinary activities	<b>7</b>	<b>76,994</b>	(14,714)
		<u>                    </u>	<u>                    </u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<b>253,221</b>	(301,159)
Balance brought forward		<u>(523,031)</u>	<u>(221,872)</u>
Balance carried forward		<u><b>(269,810)</b></u>	<u>(523,031)</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 9 to 18 form part of these financial statements.



# INDO EUROPEAN FOODS LIMITED

## BALANCE SHEET

31 MARCH 2014

		2014		2013
	Note	£	£	£
<b>FIXED ASSETS</b>				
Intangible assets	8		–	800
Tangible assets	9		<b>4,361,453</b>	4,526,724
			<u><b>4,361,453</b></u>	<u>4,527,524</u>
<b>CURRENT ASSETS</b>				
Stocks	10	7,522,542		8,216,574
Debtors due within one year	11	5,122,759		4,456,587
Cash at bank and in hand		345,981		337,910
		<u>12,991,282</u>		<u>13,011,071</u>
<b>CREDITORS: Amounts falling due within one year</b>	12	<u>11,100,310</u>		<u>11,878,092</u>
<b>NET CURRENT ASSETS</b>			<u>1,890,972</u>	<u>1,132,979</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>6,252,425</u>	<u>5,660,503</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	13		313,000	–
<b>PROVISIONS FOR LIABILITIES</b>				
Deferred taxation	14		25,701	–
			<u>5,913,724</u>	<u>5,660,503</u>
<b>CAPITAL AND RESERVES</b>				
Called-up equity share capital	16		6,183,534	6,183,534
Profit and loss account			(269,810)	(523,031)
<b>SHAREHOLDERS' FUNDS</b>	17		<u>5,913,724</u>	<u>5,660,503</u>

These financial statements were approved by the directors and authorised for issue on 27 May 2014, and are signed on their behalf by:

MR S ARORA  
Director

Company Registration Number: 04105745

The notes on pages 9 to 18 form part of these financial statements.

# INDO EUROPEAN FOODS LIMITED

## CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2014

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		2014	2013
	Note	£	£
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	18	1,923,048	(3,064,956)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	18	(382,952)	(320,919)
TAXATION	18	–	(14,714)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	18	(96,960)	(635,773)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		1,443,136	(4,036,362)
FINANCING	18	(2,233,050)	3,900,550
DECREASE IN CASH	18	<u>(789,914)</u>	<u>(135,812)</u>

The notes on pages 9 to 18 form part of these financial statements.

**INDO EUROPEAN FOODS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

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**1. ACCOUNTING POLICIES**

**(a) Basis of accounting**

The financial statements have been prepared under the historical cost convention.

**(b) Turnover**

The turnover shown in the profit and loss account represents the amounts receivable for goods supplied and is stated net of Value Added Tax.

**(c) Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Website - 7.5 years

**(d) Fixed assets**

All fixed assets are initially recorded at cost.

**(e) Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Buildings - 2 % p.a. straight line basis  
Plant & Machinery - Over estimated useful life  
Fixtures & Fittings - 15% p.a. reducing balance basis  
Motor Vehicles - 20% p.a. reducing balance basis

**(f) Stocks**

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

**(g) Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

**INDO EUROPEAN FOODS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

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**1. ACCOUNTING POLICIES** *(continued)*

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**(h) Foreign currencies**

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

**(i) Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**(j) Deferred expenditure**

In line with Group Accounting Policy on product entry costs, the company has carried forward, as deferred expenditure, certain costs relating to the introduction of various branded products into the United Kingdom market.

Deferred expenditure is that which, when incurred, will not produce an immediate return and which may be expected to accrue economic benefit over a future period.

Promotional expenditure (such as expenditure incurred to introduce a new brand name to, and increase awareness among, consumers) may be deferred over a period. Promotional expenditure following the introduction of a new sales product is carried forward and written off over a period not exceeding ten years provided, in the opinion of the directors, such expenditure is separately identifiable and the future product sales are reasonably expected to benefit from such expenditure. The future benefit is kept under constant review and the rate of write off adjusted accordingly.

**(k) Going concern**

The financial statements have been prepared on the going concern basis which assumes continuing financial support from the company's parent undertaking.

**INDO EUROPEAN FOODS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

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**2. TURNOVER**

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	<b>2014</b>	2013
	£	£
United Kingdom	<b>18,897,539</b>	17,614,863
Overseas	<b>1,506,715</b>	1,081,689
	<u><b>20,404,254</b></u>	<u>18,696,552</u>

**3. OPERATING PROFIT**

Operating profit is stated after charging:

	<b>2014</b>	2013
	£	£
Amortisation of intangible assets	<b>800</b>	1,600
Depreciation of owned fixed assets	<b>262,231</b>	243,674
Auditor's remuneration		
- as auditor	<b>13,555</b>	13,935
Net loss on foreign currency translation	<b>3,469</b>	1,906
	<u><b>3,469</b></u>	<u>1,906</u>

**4. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the company during the financial year amounted to:

	<b>2014</b>	2013
	No	No
Number of production staff	<b>12</b>	11
Number of warehouse & distribution staff	<b>9</b>	11
Number of sales & administrative staff	<b>14</b>	10
Number of management staff	<b>5</b>	5
	<u><b>40</b></u>	<u>37</u>

The aggregate payroll costs of the above were:

	<b>2014</b>	2013
	£	£
Wages and salaries	<b>1,051,395</b>	975,960
Social security costs	<b>107,199</b>	112,410
	<u><b>1,158,594</b></u>	<u>1,088,370</u>

**INDO EUROPEAN FOODS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

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**5. DIRECTORS' REMUNERATION**

The directors' aggregate remuneration in respect of qualifying services were:

	<b>2014</b>	2013
	£	£
Remuneration receivable	<u><b>81,000</b></u>	<u>61,000</u>

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2014</b>	2013
	£	£
Interest payable on bank borrowing	<u><b>382,952</b></u>	<u>320,919</u>

**7. TAXATION ON ORDINARY ACTIVITIES**

**(a) Analysis of charge in the year**

	<b>2014</b>	2013
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 23% (2013 - 20%)	<u><b>51,293</b></u>	<u>(14,714)</u>
Total current tax	<u><b>51,293</b></u>	<u>(14,714)</u>
Deferred tax:		
Origination and reversal of timing differences	<u><b>25,701</b></u>	<u>-</u>
Tax on profit/(loss) on ordinary activities	<u><b>76,994</b></u>	<u>(14,714)</u>

**INDO EUROPEAN FOODS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

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**7. TAXATION ON ORDINARY ACTIVITIES** *(continued)*

**(b) Factors affecting current tax charge**

The tax assessed on the profit/(loss) on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 23% (2013 - 20%).

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Profit/(loss) on ordinary activities before taxation	<b><u>330,215</u></b>	<b><u>(315,873)</u></b>
Profit/(loss) on ordinary activities by rate of tax	<b>75,949</b>	(63,175)
Expenses not deductible for tax purposes	<b>5,420</b>	1,050
Capital allowances for period in excess of depreciation	<b>(24,745)</b>	43,735
Utilisation of tax losses	<b>(4,227)</b>	-
Unrelieved tax losses	<b>-</b>	3,676
Tax chargeable at lower rates	<b><u>(1,104)</u></b>	<b><u>-</u></b>
Total current tax (note 7(a))	<b><u>51,293</u></b>	<b><u>(14,714)</u></b>

**8. INTANGIBLE FIXED ASSETS**

	<b>Website</b>
	<b>£</b>
<b>COST</b>	
At 1 April 2013 and 31 March 2014	<b><u>12,000</u></b>
<b>AMORTISATION</b>	
At 1 April 2013	<b>11,200</b>
Charge for the year	<b><u>800</u></b>
At 31 March 2014	<b><u>12,000</u></b>
<b>NET BOOK VALUE</b>	
At 31 March 2014	<b><u>-</u></b>
At 31 March 2013	<b><u>800</u></b>

**INDO EUROPEAN FOODS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**9. TANGIBLE FIXED ASSETS**

	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
<b>COST</b>					
At 1 April 2013	3,372,273	2,266,977	210,052	27,712	5,877,014
Additions	–	4,160	92,800	–	96,960
<b>At 31 March 2014</b>	<b><u>3,372,273</u></b>	<b><u>2,271,137</u></b>	<b><u>302,852</u></b>	<b><u>27,712</u></b>	<b><u>5,973,974</u></b>
<b>DEPRECIATION</b>					
At 1 April 2013	323,148	861,676	142,571	22,895	1,350,290
Charge for the year	55,545	177,040	28,682	964	262,231
<b>At 31 March 2014</b>	<b><u>378,693</u></b>	<b><u>1,038,716</u></b>	<b><u>171,253</u></b>	<b><u>23,859</u></b>	<b><u>1,612,521</u></b>
<b>NET BOOK VALUE</b>					
<b>At 31 March 2014</b>	<b><u>2,993,580</u></b>	<b><u>1,232,421</u></b>	<b><u>131,599</u></b>	<b><u>3,853</u></b>	<b><u>4,361,453</u></b>
At 31 March 2013	3,049,125	1,405,301	67,481	4,817	4,526,724

The company's freehold property was valued on a vacant possession basis in 2012 by H B Surveyors & Valuers Limited at £3,200,000 (Three Million Two Hundred Thousand Pounds).

**10. STOCKS**

	2014 £	2013 £
Stock	2,005,777	1,646,611
Raw materials	5,516,765	6,569,963
	<b><u>7,522,542</u></b>	<b><u>8,216,574</u></b>

**11. DEBTORS**

	2014 £	2013 £
Trade debtors	4,034,472	3,329,254
Corporation tax repayable	–	14,714
Other debtors	375,576	198,802
Prepayments and accrued income	712,711	913,817
	<b><u>5,122,759</u></b>	<b><u>4,456,587</u></b>

Prepayments include deferred expenditure of £685,257 (2013 - £913,676).



**INDO EUROPEAN FOODS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**12. CREDITORS: Amounts falling due within one year**

	2014 £	2013 £
Bank loans and overdrafts	7,971,085	9,719,150
Trade creditors	1,923,456	536,645
Other creditors including taxation and social security:		
Corporation tax	36,579	-
Other taxation and social security	28,312	28,100
Other creditors	1,050,000	1,500,000
	<u>11,009,432</u>	<u>11,783,895</u>
Accruals and deferred income	90,878	94,197
	<u>11,100,310</u>	<u>11,878,092</u>

**Bank loans and overdrafts**

The bank borrowings are secured by debenture over the company's current and future assets, incorporating a legal charge over the company's freehold property and a corporate guarantee given by the parent company.

**13. CREDITORS: Amounts falling due after more than one year**

	2014 £	2013 £
Bank loans and overdrafts	<u>313,000</u>	<u>-</u>

**Bank loans and overdrafts**

The bank borrowings are secured by debenture over the company's current and future assets, incorporating a legal charge over the company's freehold property and a corporate guarantee given by the parent company.

**14. DEFERRED TAXATION**

The movement in the deferred taxation provision during the year was:

	2014 £	2013 £
Profit and loss account movement arising during the year	<u>25,701</u>	<u>-</u>
Provision carried forward	<u>25,701</u>	<u>-</u>

**INDO EUROPEAN FOODS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

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**14. DEFERRED TAXATION** *(continued)*

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Excess of taxation allowances over depreciation on fixed assets	<b>25,701</b>	-
	<b><u>25,701</u></b>	<b><u>-</u></b>

**15. RELATED PARTY TRANSACTIONS**

Transactions during the year with Kohinoor Foods Limited, the parent company, are as follows:

Purchases	£8,676,210 (2013 - £12,313,627)
Included in creditors:	
Trade creditors	£1,838,366 (2013 - £173,890)

The company paid royalties of £50,000 to Gourmet Foods and Beverages Limited, a company controlled by Mrs C Arora, wife of Mr Sumit Arora. Trade creditors include £6,000 due to Gourmet Foods and Beverages Limited.

Creditors falling due within one year include an advance receipt of £1.05 million (2013 - 1.5 million) from Rich Rice Raisers Factory LLC, a company incorporated in Dubai, on account of future marketing support for their products. Due to technical issues, the agreement has been rescinded and arrangements are being made to repay the advance in tranches. Kohinoor Foods Limited holds 25 % equity in Rich Rice Raisers Factory LLC.

**16. SHARE CAPITAL**

**Allotted, called up and fully paid:**

	<b>2014</b>		<b>2013</b>	
	No	£	No	£
5,183,534 Ordinary shares of £1 each	<b>5,183,534</b>	<b>5,183,534</b>	5,183,534	5,183,534
1,000,000 Redeemable Ordinary shares of £1 each	<b>1,000,000</b>	<b>1,000,000</b>	1,000,000	1,000,000
	<b><u>6,183,534</u></b>	<b><u>6,183,534</u></b>	<b><u>6,183,534</u></b>	<b><u>6,183,534</u></b>

**INDO EUROPEAN FOODS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2014 £	2013 £
Profit/(Loss) for the financial year	253,221	(301,159)
New ordinary share capital subscribed	—	3,833,534
Net addition to shareholders' funds	253,221	3,532,375
Opening shareholders' funds	5,660,503	2,128,128
Closing shareholders' funds	<u>5,913,724</u>	<u>5,660,503</u>

**18. NOTES TO THE CASH FLOW STATEMENT**

**RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW)  
FROM OPERATING ACTIVITIES**

	2014 £	2013 £
Operating profit	713,167	5,046
Amortisation	800	1,600
Depreciation	262,231	243,674
Decrease/(increase) in stocks	694,032	(196,801)
(Increase)/decrease in debtors	(680,886)	668,850
Increase/(decrease) in creditors	933,704	(3,787,325)
Net cash inflow/(outflow) from operating activities	<u>1,923,048</u>	<u>(3,064,956)</u>

**RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

	2014 £	2013 £
Interest paid	<u>(382,952)</u>	<u>(320,919)</u>
Net cash outflow from returns on investments and servicing of finance	<u>(382,952)</u>	<u>(320,919)</u>

**TAXATION**

	2014 £	2013 £
Taxation	<u>—</u>	<u>(14,714)</u>

**CAPITAL EXPENDITURE**

	2014 £	2013 £
Payments to acquire tangible fixed assets	<u>(96,960)</u>	<u>(635,773)</u>
Net cash outflow from capital expenditure	<u>(96,960)</u>	<u>(635,773)</u>

**INDO EUROPEAN FOODS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**18. NOTES TO THE CASH FLOW STATEMENT** *(continued)*

**FINANCING**

	2014	2013
	£	£
Issue of equity share capital	–	3,833,534
(Repayment of)/increase in bank loans	<b>(2,233,050)</b>	3,900,550
Net outflow from other long-term creditors	–	<u>(3,833,534)</u>
Net cash (outflow)/inflow from financing	<b><u>(2,233,050)</u></b>	<u>3,900,550</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	2014		2013
	£	£	£
Decrease in cash in the period	<b>(789,914)</b>		(135,812)
Net cash outflow from/(inflow) from bank loans	<b>2,233,050</b>		(3,900,550)
Net cash outflow from other long-term creditors	–		<u>3,833,534</u>
		<b><u>1,443,136</u></b>	<u>(202,828)</u>
Change in net debt		<b>1,443,136</b>	(202,828)
Net debt at 1 April 2013		<b>(9,381,240)</b>	(9,178,412)
Net debt at 31 March 2014		<b><u>(7,938,104)</u></b>	<u>(9,381,240)</u>

**ANALYSIS OF CHANGES IN NET DEBT**

	At 1 Apr 2013	Cash flows	At 31 Mar 2014
	£	£	£
Net cash:			
Cash in hand and at bank	<b>337,910</b>	<b>8,071</b>	<b>345,981</b>
Overdrafts	<b>(5,316,100)</b>	<b>(797,985)</b>	<b>(6,114,085)</b>
	<b><u>(4,978,190)</u></b>	<b><u>(789,914)</u></b>	<b><u>(5,768,104)</u></b>
Debt:			
Debt due within 1 year	<b>(4,403,050)</b>	<b>2,546,050</b>	<b>(1,857,000)</b>
Debt due after 1 year	–	<b>(313,000)</b>	<b>(313,000)</b>
	<b><u>(4,403,050)</u></b>	<b><u>2,233,050</u></b>	<b><u>(2,170,000)</u></b>
Net debt	<b><u>(9,381,240)</u></b>	<b><u>1,443,136</u></b>	<b><u>(7,938,104)</u></b>

**19. ULTIMATE PARENT COMPANY**

The company's ultimate holding company is Kohinoor Foods Limited, a company incorporated in India.

**INDO EUROPEAN FOODS LIMITED**

**MANAGEMENT INFORMATION**

**YEAR ENDED 31 MARCH 2014**

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**The following pages do not form part of the statutory financial statements which are the subject of the independent auditor's report on pages 4 to 5.**

**INDO EUROPEAN FOODS LIMITED**  
**DETAILED PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 MARCH 2014**

	2014	2013
	£	£
<b>TURNOVER</b>	<b>20,404,254</b>	18,696,552
<b>COST OF SALES</b>		
Opening stock - raw materials	6,569,963	6,422,130
Opening stock	1,646,611	1,597,643
Purchases	15,496,823	15,823,708
Agency staff	191,422	272,944
Direct wages	187,214	196,874
National insurance contributions on direct labour	15,788	15,638
	<u>24,107,821</u>	<u>24,328,937</u>
Closing stock	<u>(7,522,542)</u>	<u>(8,216,574)</u>
	<u>16,585,279</u>	<u>16,112,363</u>
<b>GROSS PROFIT</b>	<b>3,818,975</b>	2,584,189
<b>OVERHEADS</b>		
Distribution costs	566,489	501,447
Directors salaries	81,000	61,000
Directors national insurance contributions	10,116	7,385
Wages and salaries	270,467	277,370
Employers national insurance contributions	27,520	28,656
Rent, rates and water	202,671	215,419
Light and heat	95,765	114,977
Insurance	71,820	53,987
Repairs and maintenance	171,499	103,815
Motor expenses	89,485	83,494
Travel and subsistence	20,169	27,541
Telephone	28,530	23,969
Hire of equipment	40,396	37,848
Printing, stationery and postage	19,102	20,277
Staff welfare	3,034	2,686
Sundry expenses	39,741	15,954
Laundry and cleaning	2,614	2,486
Office expenses	1,939	2,070
Advertising	747,164	578,841
Entertaining	6,534	5,250
Legal and professional fees	118,220	67,688
Auditors remuneration	13,555	13,935
Amortisation	800	1,600
Depreciation of freehold property	55,545	55,545
Depn of plant and machinery	177,040	175,017
Depreciation of fixtures and fittings	28,682	11,908
Depreciation of motor vehicles	964	1,204
Bad debts written off	113,876	44,962
	<u>3,004,737</u>	<u>(3,818,975)</u>
Carried forward	<u>3,004,737</u>	<u>2,536,331</u>

**INDO EUROPEAN FOODS LIMITED**  
**DETAILED PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 MARCH 2014**

	2014		2013
	£	£	£
Brought forward	3,004,737	(3,818,975)	2,536,331
Bank charges	100,813		41,899
Foreign currency gains/losses	3,469		1,906
		<u>3,109,019</u>	<u>2,580,136</u>
		<b>709,956</b>	4,053
<b>OTHER OPERATING INCOME</b>			
Other income		<u>3,211</u>	<u>993</u>
<b>OPERATING PROFIT</b>		<b>713,167</b>	5,046
Bank interest payable		<u>(382,952)</u>	<u>(320,919)</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES</b>		<b><u>330,215</u></b>	<b><u>(315,873)</u></b>
<b>DISTRIBUTION COSTS</b>			
Distribution and sales wages		<u>512,714</u>	440,716
National insurance contributions on distribution labour		<u>53,775</u>	<u>60,731</u>
		<b><u>566,489</u></b>	<b><u>501,447</u></b>