

Registered number: 04105745

· INDO EUROPEAN FOODS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

INDO EUROPEAN FOODS LIMITED

COMPANY INFORMATION

Directors	J K Arora G Arora S Arora V Vaidyanathan
Registered number	04105745
Registered office	Kohinoor House 40 Langer Road Felixstowe Suffolk IP11 2BW
Independent auditor	Crowe Clark Whitehill LLP Aquis House 49-51 Blagrove Street Reading Berkshire RG1 1PL

INDO EUROPEAN FOODS LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Statement of cash flows	10 - 11
Notes to the financial statements	12 - 26

INDO EUROPEAN FOODS LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2018**

Introduction

The directors present their strategic report on the company for the year ended 31 March 2018.

Business review

FY 2017-18 has been a challenging year for the wider UK food sector and especially the Rice sector. The macro environment has created a lot of uncertainty around the customs Union which impacts our sector one way or another. The currency devaluation had an impact immediately post the 2016 Brexit vote. Overall, commodity costs rose sharply vis a vis previous years and that has had an impact on our trading margins. FY 2017-18 revenue was flat vs previous year. On the positive side, we have continued to maintain all existing customers and also added a few more blue-chip customers.

Principal risks and uncertainties

The directors recognise the need for vigilance in the face of financial and operational risks to the company. The company is subject to the effect of changes in raw material prices and faces a number of risks and uncertainties due to changing trading conditions and competition. The directors are aware of the risks and monitor these on a regular.

Financial key performance indicators

The directors consider the Key Performance Indicators to be gross profit and profit before tax as disclosed in the Profit and Loss Account.

This report was approved by the board on *25th May, 2018* and signed on its behalf.

Sumit Arora

S Arora
Director

INDO EUROPEAN FOODS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Results and dividends

The loss for the year, after taxation, amounted to £2,046,231 (2017 - profit £328,163).

Directors

The directors who served during the year were:

J K Arora
G Arora
S Arora
V Vaidyanathan

Future developments

In the coming year the company will see both top and bottom line growth. Revenue growth will be a combination of like for like growth within existing customers and from new customers. We will continue to push our core brands with key customers. Our product and margin mix is further going to improve with the Food business growing faster than our core Rice business.

INDO EUROPEAN FOODS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

Financial instruments

The company is exposed to normal price, credit and cash flow risks as well as changes in foreign currency exchange rates (principally the US dollar and Euro). In the opinion of the directors, the exposure to exchange difference risks is not significant as the company's principal trading currency is pound sterling. It is also exposed to changes in interest rates. All risks are monitored on a regular basis.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

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

Auditor

The auditor, Crowe Clark Whitehill LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on *25th May, 2018* and signed on its behalf.

S Arora

S Arora
Director

INDO EUROPEAN FOODS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INDO EUROPEAN FOODS LIMITED

Opinion

We have audited the financial statements of Indo European Foods Limited (the 'Company') for the year ended 31 March 2018, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material

INDO EUROPEAN FOODS LIMITED

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

misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement 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, 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.

INDO EUROPEAN FOODS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INDO EUROPEAN FOODS LIMITED
(CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.


Jeremy Cooper (Senior statutory auditor)

for and on behalf of
Crowe Clark Whitehill LLP

Statutory Auditor

Aquis House
49-51 Blagrove Street
Reading
Berkshire
RG1 1PL

Date: 25 May 2018.

INDO EUROPEAN FOODS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £	As restated 2017 £
Turnover		24,151,974	24,491,531
Cost of sales		(22,074,960)	(20,248,578)
Gross profit		2,077,014	4,242,953
Distribution costs		(883,813)	(790,477)
Administrative expenses		(2,961,167)	(2,712,948)
Other operating income		5,155	3,330
Operating (loss)/profit		(1,762,811)	742,858
Interest receivable and similar income		355	142
Interest payable and expenses		(380,170)	(351,558)
(Loss)/profit before tax		(2,142,626)	391,442
Tax on (loss)/profit		96,395	(63,279)
(Loss)/profit for the financial year		(2,046,231)	328,163
Other comprehensive income for the year			
Unrealised surplus on revaluation of tangible fixed assets		844,294	-
Other comprehensive income for the year		844,294	-
Total comprehensive income for the year		(1,201,937)	328,163

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

The notes on pages 12 to 26 form part of these financial statements.

INDO EUROPEAN FOODS LIMITED
REGISTERED NUMBER: 04105745

BALANCE SHEET
AS AT 31 MARCH 2018

	Note	2018 £	As restated 2017 £
Fixed assets			
Tangible assets	12	5,278,863	4,594,109
		<u>5,278,863</u>	<u>4,594,109</u>
Current assets			
Stocks	13	8,955,583	4,342,837
Debtors: amounts falling due within one year	14	4,024,650	4,615,032
Cash at bank and in hand	15	367,054	233,875
		<u>13,347,287</u>	<u>9,191,744</u>
Creditors: amounts falling due within one year	16	(16,261,448)	(10,104,995)
Net current liabilities		<u>(2,914,161)</u>	<u>(913,251)</u>
Total assets less current liabilities		<u>2,364,702</u>	<u>3,680,858</u>
Creditors: amounts falling due after more than one year		(70,514)	(88,338)
Provisions for liabilities			
Deferred tax	20	-	(96,395)
		<u>-</u>	<u>(96,395)</u>
Net assets		<u><u>2,294,188</u></u>	<u><u>3,496,125</u></u>
Capital and reserves			
Called up share capital		6,183,534	6,183,534
Revaluation reserve		1,250,714	406,420
Profit and loss account		(5,140,060)	(3,093,829)
		<u>2,294,188</u>	<u>3,496,125</u>

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

Sumit Arora
S Arora
Director

25th May 2018

The notes on pages 12 to 26 form part of these financial statements.

INDO EUROPEAN FOODS LIMITED

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

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 April 2016 (as previously stated)	6,183,534	406,420	89,158	6,679,112
Prior year adjustment	-	-	(3,511,150)	(3,511,150)
At 1 April 2016 (as restated)	6,183,534	406,420	(3,421,992)	3,167,962
Comprehensive income for the year				
Profit for the year	-	-	328,163	328,163
Total comprehensive income for the year	-	-	328,163	328,163
At 1 April 2017	6,183,534	406,420	(3,093,829)	3,496,125
Comprehensive income for the year				
Loss for the year	-	-	(2,046,231)	(2,046,231)
Surplus on revaluation of freehold property	-	844,294	-	844,294
Other comprehensive income for the year	-	844,294	-	844,294
Total comprehensive income for the year	-	844,294	(2,046,231)	(1,201,937)
Total transactions with owners	-	-	-	-
At 31 March 2018	6,183,534	1,250,714	(5,140,060)	2,294,188

INDO EUROPEAN FOODS LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018**

	2018 £	<i>As restated</i> 2017 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(2,046,231)	328,163
Adjustments for:		
Depreciation of tangible assets	186,506	177,262
Loss on disposal of tangible assets	-	953
Interest paid	380,170	351,558
Interest received	(355)	(142)
Taxation charge	(96,395)	63,279
(Increase) in stocks	(4,612,746)	(531,225)
Decrease/(increase) in debtors	577,656	(72,693)
Increase/(decrease) in creditors	4,030,695	(730,287)
Corporation tax (paid)	(46,805)	(54,691)
Net cash generated from operating activities	<u>(1,627,505)</u>	<u>(467,823)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(26,968)	(203,729)
Sale of tangible fixed assets	-	800
Interest received	355	142
Net cash from investing activities	<u>(26,613)</u>	<u>(202,787)</u>

INDO EUROPEAN FOODS LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

	2018 £	2017 £
Cash flows from financing activities		
New secured loans	1,625,000	-
Repayment of loans	(1,000,000)	(156,800)
Interest paid	(380,170)	(351,558)
Net cash used in financing activities	<u>244,830</u>	<u>(508,358)</u>
Net (decrease) in cash and cash equivalents	<u>(1,409,288)</u>	<u>(1,178,968)</u>
Cash and cash equivalents at beginning of year	(6,061,838)	(4,882,870)
Cash and cash equivalents at the end of year	<u><u>(7,471,126)</u></u>	<u><u>(6,061,838)</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	367,054	233,876
Bank overdrafts	(7,838,180)	(6,295,714)
	<u><u>(7,471,126)</u></u>	<u><u>(6,061,838)</u></u>

INDO EUROPEAN FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

1. General information

The principal activity of the company is the manufacture and marketing of specialist rice products, cooking sauces, ready meals and savoury snacks.

The company is a private company limited (registered number 04105705) by shares which is incorporated and domiciled in the UK. The address of the registered office is Kohinoor House, Langer Road, Felixstowe, Suffolk IP11 2BW.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Going concern

The directors have prepared detailed financial forecasts for the next 12 months which indicate that the company can operate within the facilities provided by its financiers. The Company is dependent upon the continued operational and financial support from its parent and other group companies. At the year end, the Company owes £4,983,278 to other group companies with no agreed repayment terms. The directors of the Company have received a letter of financial support from its Parent Company.

Since the year end, the Company has refinanced its banking facilities which has provided additional funding to support its planned growth.

The directors have given due consideration to all the matters above and believe it reasonable that these accounts are prepared on a going concern basis.

INDO EUROPEAN FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue 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 revenue is recognised:

Sale of goods

Revenue 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 revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 Tangible fixed assets

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

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, .

Depreciation is provided on the following basis:

Freehold property	- 2% straight line
Plant and machinery	- Up to 25 years
Motor vehicles	- 20% reducing balance
Fixtures and fittings	- 15% reducing balance
Computer equipment and software	- 20% straight line

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

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

INDO EUROPEAN FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.5 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Statement of comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

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

2.7 Debtors

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

2.8 Cash and cash equivalents

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

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.9 Financial instruments

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

2.10 Creditors

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

INDO EUROPEAN FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

2.12 Finance costs

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

2.13 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

INDO EUROPEAN FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.14 Current and deferred taxation

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

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

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

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

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

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

Preparation of the financial statements requires management to make significant judgements and estimates. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) **Stock valuation**

Management review the age profile of stock and stock provisions are made where directors believe there is a greater risk of obsolescence or where the product has become discontinued.

(ii) **Recoverability of debtors**

Bad debt provisions are made taking into account the age of an invoice and any dealings to date with a customer. Historically bad debts have been rare and relatively low value compared to the sales ledger.

INDO EUROPEAN FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Sale of goods	24,151,974	24,491,531
	<u>24,151,974</u>	<u>24,491,531</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	22,782,007	23,874,851
Rest of Europe	281,570	-
Rest of the world	1,088,397	616,680
	<u>24,151,974</u>	<u>24,491,531</u>

5. Operating (loss)/profit

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

	2018 £	2017 £
Depreciation of tangible fixed assets	186,507	177,262
Loss on disposal of tangible assets	-	953
Impairment of trade debtors	-	68,126
Exchange differences	5,617	(22,523)
Defined contribution pension cost	9,709	8,798
	<u>9,709</u>	<u>8,798</u>

6. Auditor's remuneration

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	23,500	17,125
	<u>23,500</u>	<u>17,125</u>

INDO EUROPEAN FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	1,858,792	1,644,652
Social security costs	205,889	175,327
Cost of defined contribution scheme	9,709	8,798
	<u>2,074,390</u>	<u>1,828,777</u>

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

	2018 No.	2017 No.
Production staff	11	15
Distribution staff	11	12
Administrative staff	17	20
Management staff	6	8
	<u>45</u>	<u>55</u>

8. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	482,918	425,353
Directors pension costs - defined contribution scheme	391	372
	<u>483,309</u>	<u>425,725</u>

During the year retirement benefits were accruing to 1 director (2017 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £299,305 (2017 - £248,103).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2017 - £NIL).

The total accrued pension provision of the highest paid director at 31 March 2018 amounted to £NIL (2017 - £NIL).

INDO EUROPEAN FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

9. Interest receivable

	2018 £	2017 £
Other interest receivable	355	142
	<u>355</u>	<u>142</u>

10. Interest payable and similar charges

	2018 £	2017 £
Bank interest payable	380,170	351,558
	<u>380,170</u>	<u>351,558</u>

11. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	-	46,656
	<u>-</u>	<u>46,656</u>
Total current tax	<u>-</u>	<u>46,656</u>
Deferred tax		
Origination and reversal of timing differences	(96,395)	16,623
	<u>(96,395)</u>	<u>16,623</u>
Total deferred tax	<u>(96,395)</u>	<u>16,623</u>
Taxation on (loss)/profit on ordinary activities	<u>(96,395)</u>	<u>63,279</u>

INDO EUROPEAN FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
(Loss)/profit on ordinary activities before tax	<u>(2,142,626)</u>	<u>391,442</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	(407,099)	78,288
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	846	4,401
Difference between capital allowances for the year and depreciation	7,826	(8,623)
Other timing differences leading to an increase (decrease) in taxation	523	(10,787)
Unrelieved tax losses carried forward	259,624	-
Other differences leading to an increase (decrease) in the tax charge	41,885	-
Total tax charge for the year	<u>(96,395)</u>	<u>63,279</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

INDO EUROPEAN FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

12. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment and software £	Total £
Cost or valuation						
At 1 April 2017	3,400,000	2,472,469	138,255	296,928	168,445	6,476,097
Additions	-	-	-	-	26,968	26,968
Revaluations	700,000	-	-	-	-	700,000
At 31 March 2018	<u>4,100,000</u>	<u>2,472,469</u>	<u>138,255</u>	<u>296,928</u>	<u>195,413</u>	<u>7,203,065</u>
Depreciation						
At 1 April 2017	105,400	1,517,430	13,826	218,112	27,221	1,881,989
Charge for the year on owned assets	41,192	98,900	-	11,823	9,706	161,621
Charge for the year on financed assets	-	-	24,886	-	-	24,886
On revalued assets	(144,294)	-	-	-	-	(144,294)
At 31 March 2018	<u>2,298</u>	<u>1,616,330</u>	<u>38,712</u>	<u>229,935</u>	<u>36,927</u>	<u>1,924,202</u>
Net book value						
At 31 March 2018	<u>4,097,702</u>	<u>856,139</u>	<u>99,543</u>	<u>66,993</u>	<u>158,486</u>	<u>5,278,863</u>
At 31 March 2017	<u>3,294,600</u>	<u>955,039</u>	<u>124,429</u>	<u>78,817</u>	<u>141,224</u>	<u>4,594,109</u>

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

	2018 £	2017 £
Motor vehicles	99,543	124,429
	<u>99,543</u>	<u>124,429</u>

The company's freehold property was revalued on 31 March 2018 to £4,100,000 by GVA Grimley Limited, on an open market value basis.

INDO EUROPEAN FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

13. Stocks

	2018 £	<i>As restated</i> 2017 £
Raw materials and consumables	6,169,091	1,486,514
Finished goods and goods for resale	2,786,492	2,856,323
	<u>8,955,583</u>	<u>4,342,837</u>

14. Debtors

	2018 £	<i>As restated</i> 2017 £
Trade debtors	3,749,926	4,077,395
Other debtors	257,663	529,632
Prepayments and accrued income	17,061	8,005
	<u>4,024,650</u>	<u>4,615,032</u>

15. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	367,054	233,876
Less: bank overdrafts	(7,838,180)	(6,295,714)
	<u>(7,471,126)</u>	<u>(6,061,838)</u>

INDO EUROPEAN FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

16. Creditors: Amounts falling due within one year

	2018	<i>As restated</i>
	£	2017 £
Bank loans and overdrafts	8,839,134	8,295,714
Trade creditors	2,045,766	634,409
Amounts owed to group undertakings	4,983,278	799,732
Corporation tax	-	46,805
Other taxation and social security	56,581	52,741
Obligations under finance lease and hire purchase contracts	17,824	17,824
Other creditors	5,235	-
Accruals and deferred income	313,630	257,770
	16,261,448	10,104,995

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.

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

	2018	2017
	£	£
Net obligations under finance leases and hire purchase contracts	70,514	88,338
	70,514	88,338

Net obligations under finance leases and hire purchase contracts are secured against the assets to which they relate.

18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2018	2017
	£	£
Within one year	17,824	17,824
Between 1-5 years	70,514	88,338
	88,338	106,162

INDO EUROPEAN FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

19. Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	4,374,643	4,840,903
	<u>4,374,643</u>	<u>4,840,903</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(16,329,057)	(10,053,496)
	<u>(16,329,057)</u>	<u>(10,053,496)</u>

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

Financial liabilities measured at amortised cost comprise net cash and cash equivalents, trade creditors, amounts owed to group undertakings, bank loans, other creditors, and accruals excluding deferred income.

20. Deferred taxation

	2018 £
At beginning of year	(96,395)
Charged to profit or loss	96,395
At end of year	<u><u>-</u></u>

INDO EUROPEAN FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

21. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
5,183,534 Ordinary shares of £1 each	5,183,534	5,183,534
1,000,000 Redeemable shares of £1 each	1,000,000	1,000,000
	<u>6,183,534</u>	<u>6,183,534</u>

The redeemable shares were issued in 2011 without specific conditions and can be redeemed by the company at any time, with no time limit.

22. Prior year adjustment

The Company have identified a material overstatement of stock relating to periods prior to 1 April 2016 of £3.1m, a prior year adjustment has been made resulting in a decrease in stock and a corresponding decrease in reserves at 1 April 2016. In addition, the Company have reviewed the accounting for promotional expenditure in prior years, a prior year adjustment of £411,150 has been made resulting in a decrease in prepayments and a corresponding decrease in reserves at 1 April 2016.

23. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £9,709 (2017 - £8,798). Contributions totalling £1,493 (2017 - £1,346) were payable to the fund at the balance sheet date and are included in creditors.

24. Commitments under operating leases

At 31 March 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	24,156	45,989
Later than 1 year and not later than 5 years	5,460	9,531
	<u>29,616</u>	<u>55,520</u>

25. Transactions with directors

During the year the directors received advances of £60,000 (2017: £10,000). A balance of £938 (2017 - £4,110) was owed to directors at the year end. There was no interest accrued on these advances.

INDO EUROPEAN FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

26. Related party transactions

During the year there purchases from Kohinoor Foods Limited, the parent company, of £5,769,241 (2017 - £12,863,554). The balance owed to Kohinoor Foods Limited at the year end was £2,859,958 (2017 - £73,338).

During the year there purchases from Al Dhara Kohinoor LLC, an associated company of Kohinoor Foods Limited, of £5,723,347 (2017 - £1,233,685). The balance owed to Al Dhara Kohinoor LLC at the year end was £2,183,111 (2017 - £767,340).

During the year royalties were paid of £30,000 (2017 - £60,000) to Gourmet Foods and Beverages Limited, a company controlled by Mrs C Arora, wife of a director. The balance owed to Gourmet Foods and Beverages Limited at the year end was £30,000 (2017 - £18,000).

During the year there payments on account made to Kohinoor Foods USA INC, an associated company of Kohinoor Foods Limited, of £12,730 (2017 - £21,147). The balance owed from Kohinoor Foods USA INC at the year end was £53,676 (2017 - £40,946).

27. Controlling party

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