

Registered number: 04105745

INDO EUROPEAN FOODS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

INDO EUROPEAN FOODS LIMITED

COMPANY INFORMATION

Directors	J K Arora G Arora S Arora
Registered number	04105745
Registered office	Kohinoor House 40 Langer Road Felixstowe Suffolk IP11 2BW
Independent auditors	Crowe U.K. LLP Aquis House 49-51 Blagrave Street Reading Berkshire RG1 1PL

INDO EUROPEAN FOODS LIMITED

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INDO EUROPEAN FOODS LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

Introduction

The directors present their strategic report on the company for the year ended 31 March 2020.

Business review

FY 2019-20 saw an improvement in macro trading conditions for the wider UK Food sector and specifically the Rice sector. There is overall progress around Brexit discussions putting an end to some of the uncertainty which had been around for the past few years.

The business has also been able to switch to a new lender and a facility that is more suited to our working capital requirements.

The business experienced a surge in demand in March 2020 due to Covid-19. Covid has had a positive impact on our trading for March. We continue to watch the supply chains very closely to see any possible disruption in our trading operations. The business will continue to work with multiple suppliers, ports and shipping routes to ensure continuity of supply.

The company's efforts of continued cost cutting and business performance improvement have had positive impact on this year's results. The business has returned a profit in FY 20 after two difficult previous years. We expect this trading performance to be sustainable in FY 21 with growth in revenue and profits.

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 basis. For FY 21, we will be monitoring closely the effects of Covid-19 on demand and supply which as of now have not affected the business in any negative capacity.

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 and signed on its behalf.



S Arora
Director

Date: 24.08.2020

INDO EUROPEAN FOODS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The Directors present their report and the financial statements for the year ended 31 March 2020.

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;
- 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 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 profit for the year, after taxation, amounted to £653,122 (2019 - loss £1,905,477).

Directors

The Directors who served during the year were:

J K Arora
G Arora
S Arora

Future developments

In the coming year, the company will have some contraction in our top line due to supply issues in the first quarter of FY 2020. However, we anticipate returning back to a profit for this financial year after a challenging two years. Revenue mix will be a combination of Rice and Food products. We will continue to push our core brands with existing key and new customers

INDO EUROPEAN FOODS LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

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 auditors

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 auditors are 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 auditors are aware of that information.

Auditors

The auditors, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



S Arora
Director

Date: 24.08.2020

INDO EUROPEAN FOODS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS 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 2020, 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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.

Material uncertainty related to going concern

We draw attention to note 2.2 in the financial statements, which indicates that there are material uncertainties identified that may cast significant doubt on the Company's ability to continue as a going concern. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

We have nothing to report in this regard.

INDO EUROPEAN FOODS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INDO EUROPEAN FOODS LIMITED
(CONTINUED)**

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 AUDITORS' REPORT TO THE MEMBERS OF INDO EUROPEAN FOODS LIMITED
(CONTINUED)**

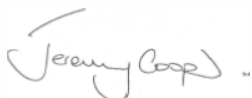
Auditors' responsibilities for the audit of the financial statements

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 auditors' 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 auditors' report.

Use of our report

This report is made solely to the Company's members 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 auditors' 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 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 U.K. LLP

Statutory Auditor

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

Date: 25 August 2020

INDO EUROPEAN FOODS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £	2019 £
Turnover	4	20,289,026	21,797,298
Cost of sales		(15,839,750)	(20,006,951)
Gross profit		4,449,276	1,790,347
Distribution costs		(406,458)	(960,172)
Administrative expenses		(3,114,345)	(2,515,544)
Other operating income		3,058	3,741
Operating profit/(loss)	5	931,531	(1,681,628)
Interest receivable and similar income		-	574
Interest payable and expenses	9	(278,409)	(326,226)
Profit/(loss) before tax		653,122	(2,007,280)
Tax on profit/(loss)	10	-	101,803
Profit/(loss) for the financial year		653,122	(1,905,477)
Other comprehensive income for the year			
Unrealised surplus on revaluation of tangible fixed assets		-	843,485
Other comprehensive income for the year		-	843,485
Total comprehensive income for the year		653,122	(1,061,992)

There were no recognised gains and losses for 2020 or 2019 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 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	11	856,967	5,874,563
		<u>856,967</u>	<u>5,874,563</u>
Current assets			
Stocks	12	2,068,848	1,752,166
Debtors: amounts falling due within one year	13	6,659,346	2,368,381
Cash at bank and in hand	14	412,451	320,767
		<u>9,140,645</u>	<u>4,441,314</u>
Creditors: amounts falling due within one year	15	(7,987,294)	(9,083,681)
Net current assets/(liabilities)		<u>1,153,351</u>	<u>(4,642,367)</u>
Total assets less current liabilities		<u>2,010,318</u>	<u>1,232,196</u>
Creditors: amounts falling due after more than one year	16	(125,000)	-
Net assets		<u><u>1,885,318</u></u>	<u><u>1,232,196</u></u>
Capital and reserves			
Called up share capital	19	6,183,534	6,183,534
Revaluation reserve		-	2,094,199
Profit and loss account		(4,298,216)	(7,045,537)
		<u>1,885,318</u>	<u>1,232,196</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 August 2020.



S Arora
 Director

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 2020

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2018	6,183,534	1,250,714	(5,140,060)	2,294,188
Loss for the year	-	-	(1,905,477)	(1,905,477)
Surplus on revaluation of freehold property	-	843,485	-	843,485
At 1 April 2019	<u>6,183,534</u>	<u>2,094,199</u>	<u>(7,045,537)</u>	<u>1,232,196</u>
Profit for the year	-	-	653,122	653,122
Transfer to/from profit and loss account	-	(2,094,199)	2,094,199	-
At 31 March 2020	<u><u>6,183,534</u></u>	<u><u>-</u></u>	<u><u>(4,298,216)</u></u>	<u><u>1,885,318</u></u>

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

INDO EUROPEAN FOODS LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit/(loss) for the financial year	653,122	(2,007,280)
Adjustments for:		
Depreciation of tangible assets	137,580	184,424
(Profit)/loss on disposal of tangible assets	(17,160)	13,479
Interest paid	364,927	326,226
Interest received	-	(574)
Taxation charge	-	101,803
(Increase)/decrease in stocks	(316,682)	7,203,417
(Increase)/decrease in debtors	(4,290,965)	1,656,269
(Increase)/decrease in amounts owed by other group companies	(1,336,582)	-
(Decrease) in creditors	(764,083)	(1,722,427)
Net cash generated from operating activities	(5,569,843)	5,755,337
Cash flows from investing activities		
Purchase of tangible fixed assets	(2,824)	(13,368)
Sale of tangible fixed assets	4,900,000	63,250
Interest received	-	574
Net cash from investing activities	4,897,176	50,456
Cash flows from financing activities		
New secured loans	-	7,272,000
Repayment of loans	(3,401,618)	(4,871,336)
Repayment of finance leases	-	(88,338)
Receipt of trade financing	13,694,888	-
Repayment of trade financing	(9,163,992)	-
Interest paid	(364,927)	(326,226)
Net cash used in financing activities	764,351	1,986,100
Net increase in cash and cash equivalents	91,684	7,791,893
Cash and cash equivalents at beginning of year	320,767	(7,471,126)
Cash and cash equivalents at the end of year	412,451	320,767
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	412,451	320,767
	412,451	320,767

INDO EUROPEAN FOODS LIMITED

ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2020

	At 1 April 2019 £	Cash flows £	New finance leases £	At 31 March 2020 £
Cash at bank and in hand	320,767	91,684	-	412,451
Debt due within 1 year	(3,401,618)	(987,506)	-	(4,389,124)
Finance leases	-	-	(208,333)	(208,333)
	<u>(3,080,851)</u>	<u>(895,822)</u>	<u>(208,333)</u>	<u>(4,185,006)</u>

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

INDO EUROPEAN FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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 (registered number 04105705) limited 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

During the year the Company sold its' freehold property for £4,900,000, with the majority of the proceeds being used to release the Company from their historic finance facilities. In addition, the Company was able to obtain new trade finance facilities which the directors believe should provide sufficient working capital for the Company. The Company has made a remarkable turnaround following two consecutive years of losses, and as at year end 31 March 2020 the Company made a net profit of £653,122, its net current assets were £1,885,318. The directors prepare annual budgets and forecasts in order to ensure that they have sufficient facilities in place and that they comply with the terms and conditions of the funding facilities. 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 existing financiers. At the year end, the Company owes £2,382,535 to other group and associated companies and have agreed monthly repayment terms, albeit these on flexible terms.

The Covid 19 pandemic has not had a significant, immediate detrimental impact on the company's operations but the Directors are aware that if the current situation becomes prolonged then this may change as highlighted in the Strategic Report. In particular, as the main activities of the Company are to purchase and manufacturing rice for sale in the UK, the procurement of rice from India due to the effects of the pandemic could prove to be an issue for the Company if India went into a total lockdown. The Directors have been in contact with its finance providers to ensure that they have sufficient funding at the appropriate stages and they have also taken steps to access their rice supply through a variety of suppliers. Furthermore, the directors have increased their stock and have increased their ordering frequency via various ports to mitigate shipment issues.

Whilst there is no exact answer to the current ongoing pandemic, the directors have expressed their belief that on the basis of the new finance facility, better cash management in delaying payment to the parent entity and having given due consideration to all other matters above believe it reasonable that these accounts are prepared on a going concern basis but recognise that there is a material uncertainty as to whether to company can continue as a going concern.

INDO EUROPEAN FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.3 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.

2.4 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.

2.5 Finance costs

Finance costs are charged to profit or loss 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.

2.6 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 profit or loss 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 2020**

2. Accounting policies (continued)

2.7 Taxation

Tax is recognised in profit or loss 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.

2.8 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 profit or loss.

2.9 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.

INDO EUROPEAN FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.10 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.

2.11 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.

2.12 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.

2.13 Creditors

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

2.14 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 ordinary shares.

INDO EUROPEAN FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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.

4. Turnover

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

	2020 £	2019 £
Sale of goods	20,289,026	21,797,298
	<u>20,289,026</u>	<u>21,797,298</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	20,289,026	21,035,806
Rest of Europe	-	186,994
Rest of the world	-	574,498
	<u>20,289,026</u>	<u>21,797,298</u>

INDO EUROPEAN FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

5. Operating profit/(loss)

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

	2020	2019
	£	£
Depreciation of tangible fixed assets	137,580	184,424
Exchange differences	267	(1,451)
Defined contribution pension cost	21,670	18,095
	21,670	18,095

6. Auditors' remuneration

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

Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	25,500	24,500
	25,500	24,500

7. Employees

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

	2020	2019
	£	£
Wages and salaries	1,669,797	1,868,404
Social security costs	218,802	157,036
Cost of defined contribution scheme	23,678	18,095
	1,912,277	2,043,535

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

	2020	2019
	No.	No.
Production staff	10	10
Distribution staff	5	7
Administrative staff	18	20
Management staff	5	6
	38	43

INDO EUROPEAN FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	246,000	435,202
Directors pension costs - defined contribution scheme	-	770
	<u>246,000</u>	<u>435,972</u>

During the year retirement benefits were accruing to 1 Director (2019 - 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £246,000 (2019 - £245,500).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £NIL (2019 - £NIL).

The total accrued pension provision of the highest paid Director at 31 March 2020 amounted to £NIL (2019 - £NIL).

9. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	218,881	275,572
Other loan interest payable	8,874	50,654
Loans from group undertakings	50,654	-
	<u>278,409</u>	<u>326,226</u>

INDO EUROPEAN FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

10. Taxation

	2020 £	2019 £
Corporation tax		
Corporation tax repayable	-	(101,803)
	-	(101,803)
Total current tax	-	(101,803)
Deferred tax		
Origination and reversal of timing differences	68,055	99,597
Utilisation of losses brought forward	(68,055)	(99,597)
Total deferred tax	-	-
Taxation on profit/(loss) on ordinary activities	-	(101,803)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit/(loss) on ordinary activities before tax	653,122	(2,007,280)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	112,203	(381,383)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	11,805	11,969
Capital allowances for year in excess of depreciation	(16,036)	7,825
Adjustments to tax charge in respect of prior periods	-	(101,806)
Chargeable gains	-	7,813
Unrelieved tax losses carried forward	17,646	316,537
Other differences leading to an increase (decrease) in the tax charge	(125,618)	37,242
Total tax charge for the year	-	(101,803)

INDO EUROPEAN FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

10. Taxation (continued)

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 2020

11. Tangible fixed assets

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment and software £	Total £
Cost or valuation					
At 1 April 2019	4,900,000	2,473,373	296,928	207,877	7,878,178
Additions	-	2,824	-	-	2,824
Disposals	(4,900,000)	-	-	-	(4,900,000)
At 31 March 2020	-	2,476,197	296,928	207,877	2,981,002
Depreciation					
At 1 April 2019	-	1,715,225	241,756	46,634	2,003,615
Charge for the year on owned assets	17,160	98,892	11,820	9,708	137,580
Disposals	(17,160)	-	-	-	(17,160)
At 31 March 2020	-	1,814,117	253,576	56,342	2,124,035
Net book value					
At 31 March 2020	-	662,080	43,352	151,535	856,967
At 31 March 2019	4,900,000	758,148	55,172	161,243	5,874,563

The net book value of assets held under finance leases or hire purchase contracts, included above are £662,080 (2019: £nil).

The company's freehold property was revalued on Sun 31 March 2019 to £4,900,000 by CBRE Limited, on an open market value basis.

INDO EUROPEAN FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

12. Stocks

	2020 £	2019 £
Raw materials and consumables	596,261	773,023
Finished goods and goods for resale	1,472,587	979,143
	<u>2,068,848</u>	<u>1,752,166</u>

13. Debtors

	2020 £	2019 £
Trade debtors	6,211,449	1,952,871
Other debtors	310,339	129,553
Prepayments and accrued income	137,558	183,580
Tax recoverable	-	102,377
	<u>6,659,346</u>	<u>2,368,381</u>

14. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	412,451	320,767
	<u>412,451</u>	<u>320,767</u>

INDO EUROPEAN FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

15. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank loans and overdrafts	-	3,401,618
Trade creditors	557,318	1,180,505
Amounts owed to group undertakings	2,382,535	3,719,117
Other taxation and social security	133,177	221,769
Obligations under finance lease and hire purchase contracts	83,333	-
Other creditors	4,405,896	278,331
Accruals and deferred income	425,035	282,341
	<u>7,987,294</u>	<u>9,083,681</u>

The company utilises an invoice financing facility which is secured by way of a fixed and floating charge on the company's assets. A balance of £4,398,843 (2019: £3,401,618) was outstanding at the year end and included within other creditors (2019: Bank loans and overdrafts).

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

	2020 £	2019 £
Net obligations under finance leases and hire purchase contracts	125,000	-
	<u>125,000</u>	<u>-</u>

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

INDO EUROPEAN FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

17. Financial instruments

	2020 £	2019 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>6,934,239</u>	<u>2,403,191</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(7,833,363)</u>	<u>(8,861,912)</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 bank overdrafts, trade creditors, amounts owed to group undertakings, bank loans, other creditors, and accruals excluding deferred income.

18. Deferred taxation

	2019 £
Charged to profit or loss	(99,597)
Utilisation of losses brought forward	99,597
At end of year	<u>-</u>

INDO EUROPEAN FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

19. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
5,183,534 (2019 - 5,183,534) Ordinary shares of £1.00 each	5,183,534	5,183,534
1,000,000 (2019 - 1,000,000) Redeemable shares of £1.00 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.

20. 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 £21,670 (2019 - £18,095). Contributions totalling £5,091 (2019 - £2,931) were payable to the fund at the balance sheet date and are included in creditors.

21. Commitments under operating leases

At 31 March 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	515,830	89,669
Later than 1 year and not later than 5 years	1,867,646	165,611
Later than 5 years	6,334,096	-
	<u>8,717,572</u>	<u>255,280</u>

22. Transactions with directors

During the year the directors received advances of £15,000 (2019: £42,772). A balance of £Nil (2019 - £5) was owed to the company 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 2020**

23. Related party transactions

During the year there were purchases from Kohinoor Foods Limited, ultimate the parent company, of £nil (2019 - £6,717,806). The balance owed to Kohinoor Foods Limited at the year end was £1,372,037 (2019 - £994,546).

During the year royalties were paid of £nil (2019 - £Nil) to a company controlled by the wife of a director. There was no balance owed to this company as at the year end (2019 - £Nil).

During the year there were sales of £155,071 with other related parties (2019 - £Nil). The balance owed to these related parties at the year end was £1,010,498 (2019 - £2,724,572).

24. Controlling party

The company's ultimate parent company is Kohinoor Foods Limited, a company incorporated in India. The registered office of the ultimate parent company is Pinnacle Business Tower, 10th Floor, Shooting Range Road, Surajkund, Faridabad, 121001, India.