

STRATEGIC REPORT, REPORT OF THE DIRECTOR AND
FINANCIAL STATEMENTS
FOR THE PERIOD 1 APRIL 2019 TO 30 SEPTEMBER 2020
FOR
THEOS FOOD CO. LIMITED

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FOR THE PERIOD 1 APRIL 2019 TO 30 SEPTEMBER 2020

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THEOS FOOD CO. LIMITED

COMPANY INFORMATION
FOR THE PERIOD 1 APRIL 2019 TO 30 SEPTEMBER 2020

DIRECTOR: Mr C Gavriel

SECRETARY: Mrs G Gavriel

REGISTERED OFFICE: Unit 45 Empire Industrial Park
Aldridge
Walsall
WS9 8UY

REGISTERED NUMBER: 04552101 (England and Wales)

AUDITORS: AGK Partners
Chartered Accountants & Statutory Auditors
1 Kings Avenue
London
N21 3NA

STRATEGIC REPORT
FOR THE PERIOD 1 APRIL 2019 TO 30 SEPTEMBER 2020

The director presents his strategic report for the period 1 April 2019 to 30 September 2020.

REVIEW OF BUSINESS

Theos Food Co is first and foremost a family run business with a real passion for food and are committed to delivering the highest standard of customer care and service. The company's headquarters in Aldridge in the West Midlands is equipped with purpose built state of art production facility over 20,000 sq ft, fully licenced by the EU for cutting and meat preparation.

Theos Food Co differentiates itself from other suppliers in the market in its approach of sourcing all of its Grade 'A' quality chicken from UK suppliers. By forging strong relationships with its suppliers and supporting our local economy, we aim to establish Theos Food Co with a strong brand imagery that gives our customers a consistent quality product that meets the governments' nutritional guidelines which is fully compliant with the current legislation.

The director is pleased to report another successful year despite challenges paused by COVID 19 and Brexit. The turnover for the 18 months to 30 September 2020 was £25,197,577 (2019: £19,819,723). The turnover decreased in comparison to previous period by approximately 17.98%, mainly due to lock down during COVID19 pandemic.

The gross margin decreased from 14.16% to 12.92%, a drop of 1.24%. The decrease in gross margin is mainly attributed to uncertainties surrounding COVID19 and Brexit resulting in increased cost of sourcing fresh raw chickens whilst maintaining the sale prices in a bid to retain customers.

The company continues to innovate to improve its already strong customer service and has invested in additional resources to maintain high standards expected in the ongoing growth of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

The more significant risks and uncertainties faced by the company are consistent with the rest of the food production sector:

Purchase price of products

With the unsettled economic conditions surrounding Brexit and disruptions within the supply chain, we expect market volatility to be an ongoing risk for the food sector. We continue to monitor the prices of fresh raw chicken products and work closely with our suppliers to reduce the impact of the volatile market movements.

Food safety

Food Safety is the number one priority for our business. The company remains committed to ensuring it meets the nutritional standards set by the UK government. This risk is mitigated by sourcing products from established and reputable suppliers from within the UK. External consultants are also engaged to review the internal quality control procedures in place for cutting and meat preparation and implementing recommendations proposed.

Credit risk

It is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company aims to mitigate this risk by performing credit checks on all new customers, monitoring the financial health for its customers and reviewing credit limits for all its customers on a regular basis. The company has a dedicated credit control team who actively pursue customers in default for settlement.

Health and safety management

The company is committed to providing a safe place of work for all employees and to continuously improve its safety management systems. The system is maintained by external consultants, who review the working practices on regular basis and if necessary, make amendments in the procedures manual. It is mandatory requirement for all employees to read and acquaint themselves with the company's' health and safety manual.

COVID 19

In relation to the COVID19 pandemic, the management team has and is closely following government guidelines to ensure safety of all stakeholders and the public in general. In respect of trading challenges caused by the COVID19 pandemic, the director closely monitors various variables affecting the business and works towards mitigating such risks.

**STRATEGIC REPORT
FOR THE PERIOD 1 APRIL 2019 TO 30 SEPTEMBER 2020****KEY PERFORMANCE INDICATORS**

The director considers the following as the key performance indicators:-

Description	2020(18 months)	2019(12 months)	Change
Revenue	25,197,577	19,819,723	27.13%
Gross profit	3,257,189	2,806,230	16.07%
Operating (loss)/profit	(318,497)	597,267	-153%
(Loss)/profit before tax	(451,801)	535,103	-184%
Net assets	2,522,991	3,094,792	-18.48%
Gross margin	12.92%	14.16%	-1.24%
Current ratio	1.99	2.29	-0.13%
Quick ratio	1.01	1.06	-0.05%
EBITDA margin	0.97%	3.88%	-2.91%

FINANCIAL POSITION

The company is in good health and remains strongly cash generative and has a good support from its bankers allowing the expansion of the business from its own resources. The results for the year and the financial position at the year end were considered satisfactory by the director who expects controlled growth and profitability to continue in the foreseeable future.

The director is confident that the company will be able to strengthen its financial position by building on its existing systems and structure and grow the business with both existing and new clients in the future.

ON BEHALF OF THE BOARD:

Mr C Gavriel - Director

29 September 2021

REPORT OF THE DIRECTOR
FOR THE PERIOD 1 APRIL 2019 TO 30 SEPTEMBER 2020

The director presents his report with the financial statements of the company for the period 1 April 2019 to 30 September 2020.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of processing and marinating of chicken and wholesale and distribution of chicken kebabs and other already processed food products.

DIVIDENDS

An interim dividend of £1200 per share was paid on 31 December 2019. The director recommends that no final dividend be paid.

The total distribution of dividends for the period ended 30 September 2020 will be £ 120,000 .

DIRECTOR

Mr C Gavriel held office during the whole of the period from 1 April 2019 to the date of this report.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, AGK Partners, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Mr C Gavriel - Director

29 September 2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THEOS FOOD CO. LIMITED

Opinion

We have audited the financial statements of Theos Food Co. Limited (the 'company') for the period ended 30 September 2020 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2020 and of its loss for the period 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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 director is responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Director 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 Report of the Director.

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THEOS FOOD CO. LIMITED

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on page four, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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 a Report of the Auditors 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 Report of the Auditors.

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 a Report of the Auditors 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.

Alekos Christofi (FCCA) (Senior Statutory Auditor)
for and on behalf of AGK Partners
Chartered Accountants & Statutory Auditors
1 Kings Avenue
London
N21 3NA

29 September 2021

INCOME STATEMENT
FOR THE PERIOD 1 APRIL 2019 TO 30 SEPTEMBER 2020

	Notes	Period 1.4.19 to 30.9.20 £	Year Ended 31.3.19 £
REVENUE		25,197,577	19,819,723
Cost of sales		<u>21,940,388</u>	<u>17,013,493</u>
GROSS PROFIT		3,257,189	2,806,230
Administrative expenses		<u>3,852,342</u> (595,153)	<u>2,208,963</u> 597,267
Other operating income		<u>276,656</u>	<u>-</u>
OPERATING (LOSS)/PROFIT	4	(318,497)	597,267
Interest payable and similar expenses	5	<u>133,304</u> (451,801)	<u>62,164</u> 535,103
(LOSS)/PROFIT BEFORE TAXATION			
Tax on (loss)/profit	6	<u>-</u>	<u>7,029</u>
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD		<u>(451,801)</u>	<u>528,074</u>

OTHER COMPREHENSIVE INCOME
FOR THE PERIOD 1 APRIL 2019 TO 30 SEPTEMBER 2020

	Notes	Period 1.4.19 to 30.9.20 £	Year Ended 31.3.19 £
(LOSS)/PROFIT FOR THE PERIOD		(451,801)	528,074
OTHER COMPREHENSIVE INCOME		_____ -	_____ -
TOTAL COMPREHENSIVE INCOME		(451,801)	528,074
FOR		=====	=====
THE PERIOD			

STATEMENT OF FINANCIAL POSITION
30 SEPTEMBER 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Intangible assets	8	19,336	-
Property, plant and equipment	9	<u>3,269,150</u>	<u>2,132,359</u>
		<u>3,288,486</u>	<u>2,132,359</u>
CURRENT ASSETS			
Inventories	10	1,692,907	1,651,844
Debtors	11	1,736,845	1,326,260
Cash in hand		<u>11,469</u>	<u>97,771</u>
		<u>3,441,221</u>	<u>3,075,875</u>
CREDITORS			
Amounts falling due within one year	12	<u>1,727,385</u>	<u>1,341,432</u>
NET CURRENT ASSETS		<u>1,713,836</u>	<u>1,734,443</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,002,322	3,866,802
CREDITORS			
Amounts falling due after more than one year	13	(2,419,877)	(672,359)
PROVISIONS FOR LIABILITIES	17	<u>(59,454)</u>	<u>(99,651)</u>
NET ASSETS		<u><u>2,522,991</u></u>	<u><u>3,094,792</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	100	100
Retained earnings	19	<u>2,522,891</u>	<u>3,094,692</u>
SHAREHOLDERS' FUNDS		<u><u>2,522,991</u></u>	<u><u>3,094,792</u></u>

The financial statements were approved by the director and authorised for issue on 29 September 2021 and were signed by:

Mr C Gavriel - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 1 APRIL 2019 TO 30 SEPTEMBER 2020**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2018	100	2,666,618	2,666,718
Changes in equity			
Dividends	-	(100,000)	(100,000)
Total comprehensive income	-	528,074	528,074
Balance at 31 March 2019	<u>100</u>	<u>3,094,692</u>	<u>3,094,792</u>
Changes in equity			
Dividends	-	(120,000)	(120,000)
Total comprehensive income	-	(451,801)	(451,801)
Balance at 30 September 2020	<u>100</u>	<u>2,522,891</u>	<u>2,522,991</u>

**STATEMENT OF CASH FLOWS
FOR THE PERIOD 1 APRIL 2019 TO 30 SEPTEMBER 2020**

	Notes	Period 1.4.19 to 30.9.20 £	Year Ended 31.3.19 £
Cash flows from operating activities			
Cash generated from operations	1	(1,769)	1,022,435
Interest paid		(62,976)	(40,800)
Interest element of hire purchase payments		(70,328)	(21,364)
Tax paid		20,595	974
Net cash from operating activities		<u>(114,478)</u>	<u>961,245</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(19,336)	-
Purchase of tangible fixed assets		(1,729,640)	(549,528)
Sale of tangible fixed assets		27,083	(13,738)
Net cash from investing activities		<u>(1,721,893)</u>	<u>(563,266)</u>
Cash flows from financing activities			
Net movement in bank loan & HP contract		1,875,639	(58,960)
Amount introduced by directors		13,738	-
Amount withdrawn by directors		-	(1)
Equity dividends paid		(120,000)	(100,000)
Net cash from financing activities		<u>1,769,377</u>	<u>(158,961)</u>
(Decrease)/increase in cash and cash equivalents		<u>(66,994)</u>	<u>239,018</u>
Cash and cash equivalents at beginning of period	2	(78,341)	(317,359)
Cash and cash equivalents at end of period	2	<u>(145,335)</u>	<u>(78,341)</u>

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE PERIOD 1 APRIL 2019 TO 30 SEPTEMBER 2020**

1. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	Period 1.4.19 to 30.9.20 £	Year Ended 31.3.19 £
(Loss)/profit before taxation	(451,801)	535,103
Depreciation charges	561,622	170,776
Loss on disposal of fixed assets	4,142	-
Finance costs	<u>133,304</u>	<u>62,164</u>
	247,267	768,043
Increase in inventories	(41,063)	(69,294)
Increase in trade and other debtors	(424,323)	(25,899)
Increase in trade and other creditors	<u>216,350</u>	<u>349,585</u>
Cash generated from operations	<u><u>(1,769)</u></u>	<u><u>1,022,435</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Period ended 30 September 2020

	30.9.20 £	1.4.19 £
Cash and cash equivalents	11,469	97,771
Bank overdrafts	<u>(156,804)</u>	<u>(176,112)</u>
	<u><u>(145,335)</u></u>	<u><u>(78,341)</u></u>

Year ended 31 March 2019

	31.3.19 £	1.4.18 £
Cash and cash equivalents	97,771	128,947
Bank overdrafts	<u>(176,112)</u>	<u>(446,306)</u>
	<u><u>(78,341)</u></u>	<u><u>(317,359)</u></u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.19 £	Cash flow £	At 30.9.20 £
Net cash			
Cash at bank and in hand	97,771	(86,302)	11,469
Bank overdrafts	<u>(176,112)</u>	<u>19,308</u>	<u>(156,804)</u>
	<u><u>(78,341)</u></u>	<u><u>(66,994)</u></u>	<u><u>(145,335)</u></u>
Debt			
Finance leases	(323,993)	(762,201)	(1,086,194)
Debts falling due within 1 year	(55,736)	(85,651)	(141,387)
Debts falling due after 1 year	<u>(511,766)</u>	<u>(1,067,982)</u>	<u>(1,579,748)</u>
	<u><u>(891,495)</u></u>	<u><u>(1,915,834)</u></u>	<u><u>(2,807,329)</u></u>
Total	<u><u>(969,836)</u></u>	<u><u>(1,982,828)</u></u>	<u><u>(2,952,664)</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 APRIL 2019 TO 30 SEPTEMBER 2020

1. STATUTORY INFORMATION

Theos Food Co. Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Significant judgements and estimates

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

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

There are no significant judgements or estimates involved in the preparation of the financial statements.

Revenue

Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on despatch of the goods, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and costs incurred or to be incurred in respect of the transaction can be measured reliably.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are being written off in equal annual instalments over its estimated economic life of 10 years.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the assets capable of operating as intended.

The carrying value of tangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives.

Freehold land and buildings - 2% on cost
Leasehold land and buildings - Over the life of the lease
Plant and machinery - 20% on reducing balance
Fixtures and fittings - 20% on reducing balance
Motor vehicle - 20% on reducing balance

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 APRIL 2019 TO 30 SEPTEMBER 2020**

2. ACCOUNTING POLICIES - continued

Government grants

Government grants are recognised in the profit and loss account in an appropriate manner that matches them with the expenditure towards which they are intended to contribute.

Grants for immediate financial support or to cover costs already incurred are recognised immediately in the profit and loss account. Grants towards general activities of the entity over a specific period are recognised in the profit and loss account over that period.

Grants towards fixed assets are recognised over the expected useful lives of the related assets and are treated as deferred income and released to the profit and loss account over the useful life of the asset concerned.

All grants in the profit and loss account are recognised when all conditions for receipt have been complied with.

Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first in first out method. The carrying amount of inventory sold is recognised as an expense in the period in which the related revenue is recognised.

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand, short term deposits with an original maturity date of one month. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Financial instruments

Basic financial instruments are recognised at amortised cost, except for investments in non-convertible preference and non-puttable ordinary shares which are measured at fair value, with changes recognised in profit or loss.

Derivative financial instruments are initially recorded at cost and thereafter at fair value with changes recognised in profit and loss.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 APRIL 2019 TO 30 SEPTEMBER 2020**

3. EMPLOYEES AND DIRECTORS

	Period 1.4.19 to 30.9.20 £	Year Ended 31.3.19 £
Wages and salaries	899,179	557,181
Social security costs	78,154	53,765
Other pension costs	41,407	31,454
	<u>1,018,740</u>	<u>642,400</u>

The average number of employees during the period was as follows:

	Period 1.4.19 to 30.9.20	Year Ended 31.3.19
Directors	1	1
Administrative and sales	<u>21</u>	<u>21</u>
	<u>22</u>	<u>22</u>

	Period 1.4.19 to 30.9.20 £	Year Ended 31.3.19 £
Director's remuneration	<u>10,920</u>	<u>7,280</u>

4. OPERATING (LOSS)/PROFIT

The operating loss (2019 - operating profit) is stated after charging:

	Period 1.4.19 to 30.9.20 £	Year Ended 31.3.19 £
Other operating leases	316,905	125,321
Depreciation - owned assets	561,624	170,776
Loss on disposal of fixed assets	<u>4,142</u>	<u>-</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period 1.4.19 to 30.9.20 £	Year Ended 31.3.19 £
Interest payable	62,976	40,800
HP interest payable	<u>70,328</u>	<u>21,364</u>
	<u>133,304</u>	<u>62,164</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 APRIL 2019 TO 30 SEPTEMBER 2020**

6. TAXATION

Analysis of the tax charge

The tax charge on the loss for the period was as follows:

	Period 1.4.19 to 30.9.20 £	Year Ended 31.3.19 £
Current tax:		
UK corporation tax	-	(92,622)
Deferred tax	-	<u>99,651</u>
Tax on (loss)/profit	<u>-</u>	<u>7,029</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 1.4.19 to 30.9.20 £	Year Ended 31.3.19 £
(Loss)/profit before tax	<u>(451,801)</u>	<u>535,103</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(85,842)	101,670
Effects of:		
Expenses not deductible for tax purposes	4,111	3,923
Capital allowances in excess of depreciation	-	(38,352)
Depreciation in excess of capital allowances	32,525	-
Adjustments to tax charge in respect of previous periods	-	(17,965)
Research and development tax credit	-	(141,898)
Deferred tax	-	99,651
Tax losses carry forward	<u>49,206</u>	-
Total tax charge	<u>-</u>	<u>7,029</u>

7. DIVIDENDS

	Period 1.4.19 to 30.9.20 £	Year Ended 31.3.19 £
Ordinary shares shares of 1 each		
Interim	<u>120,000</u>	<u>100,000</u>

8. INTANGIBLE FIXED ASSETS

	Patents and licences £
COST	
Additions	<u>19,336</u>
At 30 September 2020	<u>19,336</u>
NET BOOK VALUE	
At 30 September 2020	<u>19,336</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 APRIL 2019 TO 30 SEPTEMBER 2020**

9. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £	Long leasehold £	Plant and machinery £
COST			
At 1 April 2019	1,121,748	141,215	1,731,872
Additions	122,300	150,739	695,453
Disposals	-	-	-
At 30 September 2020	<u>1,244,048</u>	<u>291,954</u>	<u>2,427,325</u>
DEPRECIATION			
At 1 April 2019	10,791	27,367	1,325,966
Charge for period	16,842	16,001	234,967
Eliminated on disposal	-	-	-
At 30 September 2020	<u>27,633</u>	<u>43,368</u>	<u>1,560,933</u>
NET BOOK VALUE			
At 30 September 2020	<u>1,216,415</u>	<u>248,586</u>	<u>866,392</u>
At 31 March 2019	<u>1,110,957</u>	<u>113,848</u>	<u>405,906</u>
	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1 April 2019	430,571	843,416	4,268,822
Additions	307,558	453,590	1,729,640
Disposals	-	(122,175)	(122,175)
At 30 September 2020	<u>738,129</u>	<u>1,174,831</u>	<u>5,876,287</u>
DEPRECIATION			
At 1 April 2019	295,616	476,723	2,136,463
Charge for period	90,042	203,772	561,624
Eliminated on disposal	-	(90,950)	(90,950)
At 30 September 2020	<u>385,658</u>	<u>589,545</u>	<u>2,607,137</u>
NET BOOK VALUE			
At 30 September 2020	<u>352,471</u>	<u>585,286</u>	<u>3,269,150</u>
At 31 March 2019	<u>134,955</u>	<u>366,693</u>	<u>2,132,359</u>

10. INVENTORIES

	2020 £	2019 £
Stocks	<u>1,692,907</u>	<u>1,651,844</u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade debtors	1,188,909	873,477
Other debtors	379,025	347,212
Directors' current accounts	-	13,738
VAT	19,845	60,162
Prepayments	149,066	31,671
	<u>1,736,845</u>	<u>1,326,260</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 APRIL 2019 TO 30 SEPTEMBER 2020**

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Bank loans and overdrafts (see note 14)	298,191	231,848
Hire purchase contracts (see note 15)	246,065	163,400
Trade creditors	1,071,734	899,613
Tax	28	(20,567)
Social security and other taxes	56,683	17,959
Other creditors	19,788	24,179
Accrued expenses	34,896	25,000
	<u>1,727,385</u>	<u>1,341,432</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£	£
Bank loans (see note 14)	1,579,748	511,766
Hire purchase contracts (see note 15)	840,129	160,593
	<u>2,419,877</u>	<u>672,359</u>

14. LOANS

An analysis of the maturity of loans is given below:

	2020	2019
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	156,804	176,112
Bank loans	<u>141,387</u>	<u>55,736</u>
	<u>298,191</u>	<u>231,848</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>297,510</u>	<u>-</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>880,895</u>	<u>270,423</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 yr by instal	<u>401,343</u>	<u>241,343</u>

15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	2020	Hire purchase contracts 2019
	£	£
Net obligations repayable:		
Within one year	246,065	163,400
Between one and five years	<u>840,129</u>	<u>160,593</u>
	<u>1,086,194</u>	<u>323,993</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 APRIL 2019 TO 30 SEPTEMBER 2020

15. LEASING AGREEMENTS - continued

	Non-cancellable operating 2020 £	leases 2019 £
Within one year	227,731	192,631
Between one and five years	637,202	650,707
In more than five years	<u>2,106,000</u>	<u>2,141,100</u>
	<u><u>2,970,933</u></u>	<u><u>2,984,438</u></u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	2020 £	2019 £
Bank loans	<u>521,135</u>	<u>567,502</u>

Bank loans are secured by way of fixed and floating charge on the property and other assets of the company.

17. PROVISIONS FOR LIABILITIES

	2020 £	2019 £
Deferred tax		
Accelerated capital allowances	<u>59,454</u>	<u>99,651</u>
		Deferred tax £
Balance at 1 April 2019		99,651
Utilised during period		(40,197)
Balance at 30 September 2020		<u><u>59,454</u></u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2020 £	2019 £
Number:	Class:	Nominal value:		
100	Ordinary shares	1	<u>100</u>	<u>100</u>

19. RESERVES

	Retained earnings £
At 1 April 2019	3,094,692
Deficit for the period	(451,801)
Dividends	<u>(120,000)</u>
At 30 September 2020	<u><u>2,522,891</u></u>

20. RELATED PARTY DISCLOSURES

Included within debtors is an amount of £356,886 (2019: £28,487) due from a connected company with common control.

During the period a dividend of £120,000 (2019:- £100,000) was paid to the directors and their close family.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 APRIL 2019 TO 30 SEPTEMBER 2020

21. ULTIMATE CONTROLLING PARTY

The company is controlled by the Gavriel family.