

COMPANY REGISTRATION NUMBER: 03074551

Freshways Limited
Financial Statements
31st December 2018



JAVED & CO
Accountants & statutory auditor
109 Hagley Road
Birmingham
B16 8LA

Freshways Limited
Financial Statements
Year Ended 31st December 2018

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Freshways Limited

Officers and Professional Advisers

The board of directors	Mr Balvinder Singh Nijjar Mr Gurminder Singh Nijjar Mrs Gulbinder Kaur Nijjar
Registered office	16 Eastman Road Acton London W3 7YG
Auditor	Javed & Co Accountants & statutory auditor 109 Hagley Road Birmingham B16 8LA
Bankers	Barclays Bank Plc Queen Square Wolverhampton WV1 1DS

Freshways Limited
Strategic Report
Year Ended 31st December 2018

Introduction

The principal activity of the company is that of wholesaler and retail seller of dairy and other related products.

There have not been any significant changes in the company's activities in the year under review. The directors are not aware, as at the date of report, of any likely major changes in the company's activities in the next year.

The Strategic report is only part of the full accounts and additional reports.

Business Review

Freshways Ltd's turnover increased during the year from £11.7 million to £15.8 million and operating margins fell resulting in a loss after tax of £668,086. This was a tough business year as market conditions are extremely competitive and there was often resistance from customers on accepting price increases. The directors implemented a strategy for addressing these issues. As such, cost increases have been implemented in sales pricing to customers with regular price reviews.

The company's balance sheet as detailed on page 12 shows a deficit position, shareholders' funds amounting to £1,573,155.

The business is focusing on its strengths in core milk, cream and grocery products distribution and has made significant investment in updating the site and distribution network of motor vehicles and warehousing.

The company expects to continue to receive support from group companies and creditors. Given the straight forward nature of the business the company's directors are of the opinion that the following Key Performance Indicators (KPI's) are appropriate for an understanding of the development performance of the entity.

	2018 £	2017 £	Percentage
Change Turnover	15.8 million	11.7 million	35%
Gross Profit	3.2 million	2.7 million	18.5%
Profit/(Loss) before tax	(668k)	16.7k	(4100)%
Cash at bank & in hand	0.36 million	0.35 million	2.9%
Trade debtors	0.61 million	0.55 million	11%
Trade creditors	94k	303k	(69)%

Principal risks and uncertainties

Credit risk

The company manages credit risk by tight control and cash management.

Freshways Limited

Strategic Report *(continued)*

Year Ended 31st December 2018


Liquidity risk

The company manages its cash flow risk by using a rolling 13-week cash flow forecast.

Commodity pricing risk

The company/Group is exposed to commodity pricing risks for milk, grocery and fuel costs. This is managed by having strong relationships with its suppliers and customers and passing on changing prices to customers whenever possible.

This report was approved by the board of directors on 30 September 2019 and signed on behalf of the board by:



Mr Balvinder Singh Nijjar
Director

Registered office:
16 Eastman Road
Acton
London
W3 7YG

Freshways Limited

Directors' Report

Year Ended 31st December 2018

The directors present their report and the financial statements of the company for the year ended 31st December 2018.

Principal activities

The principal activity of the company during the year was distribution of milk and other products

Directors

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

Mr Balvinder Singh Nijjar
Mr Gurminder Singh Nijjar
Mrs Gulbinder Kaur Nijjar

Dividends

The directors do not recommend the payment of a dividend.

Disclosure of information in the strategic report

Key Performance Indicators (KPI's) and principal risks have been disclosed in Strategic report on page 2.

Directors' responsibilities statement

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

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

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

- select suitable accounting policies and then apply them consistently;
- make 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.

Freshways Limited

Directors' Report *(continued)*

Year Ended 31st December 2018

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

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on **30** September 2019 and signed on behalf of the board by:



Mr Balvinder Singh Nijjar
Director

Registered office:
16 Eastman Road
Acton
London
W3 7YG

Freshways Limited

Independent Auditor's Report to the Members of Freshways Limited

Year Ended 31st December 2018

Opinion

We have audited the financial statements of Freshways Limited (the 'company') for the year ended 31st December 2018 which comprise the statement of income and retained earnings, statement of financial position 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- 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.

Freshways Limited

Independent Auditor's Report to the Members of Freshways Limited *(continued)*

Year Ended 31st December 2018

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

Freshways Limited

Independent Auditor's Report to the Members of Freshways Limited *(continued)*

Year Ended 31st December 2018

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Freshways Limited

Independent Auditor's Report to the Members of Freshways Limited *(continued)*

Year Ended 31st December 2018

Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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.

Mr Rizwan Javed (Senior Statutory Auditor)

For and on behalf of
Javed & Co
Accountants & statutory auditor
109 Hagley Road
Birmingham
B16 8LA

01 October 2019

Freshways Limited
Statement of Income and Retained Earnings
Year Ended 31st December 2018

	Note	2018 £	2017 £
Turnover	4	15,765,543	11,693,929
Cost of sales		(12,569,415)	(9,017,627)
Gross profit		3,196,128	2,676,302
Administrative expenses		(3,864,214)	(2,659,649)
Operating (loss)/profit	5	(668,086)	16,653
(Loss)/profit before taxation		(668,086)	16,653
Taxation on ordinary activities	9	—	(41,480)
Loss for the financial year and total comprehensive income		(668,086)	(24,827)
Retained losses at the start of the year		(905,073)	(880,246)
Retained losses at the end of the year		(1,573,159)	(905,073)

All the activities of the company are from continuing operations.

The notes on pages 13 to 23 form part of these financial statements.

Freshways Limited
Statement of Financial Position
31st December 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	10	201,716	254,395
Tangible assets	11	886,102	559,605
		<u>1,087,818</u>	<u>814,000</u>
Current assets			
Stocks	12	37,315	26,727
Debtors	13	670,579	599,757
Cash at bank and in hand		360,000	347,287
		<u>1,067,894</u>	<u>973,771</u>
Creditors: amounts falling due within one year	14	<u>3,728,867</u>	<u>2,692,840</u>
Net current liabilities		<u>2,660,973</u>	<u>1,719,069</u>
Total assets less current liabilities		<u>(1,573,155)</u>	<u>(905,069)</u>
Net liabilities		<u>(1,573,155)</u>	<u>(905,069)</u>

The statement of financial position
continues on the following page.
The notes on pages 13 to 23 form part of these financial statements.

Freshways Limited
Statement of Financial Position *(continued)*

31st December 2018

	Note	2018 £	2017 £
Capital and reserves			
Called up share capital	16	4	4
Profit and loss account	17	<u>(1,573,159)</u>	<u>(905,073)</u>
Shareholders deficit		<u>(1,573,155)</u>	<u>(905,069)</u>

These financial statements were approved by the board of directors and authorised for issue on 30 September 2019, and are signed on behalf of the board by:



Mr Balvinder Singh Nijjar
Director

Company registration number: 03074551

The notes on pages 13 to 23 form part of these financial statements.

Freshways Limited
Notes to the Financial Statements
Year Ended 31st December 2018

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 16 Eastman Road, Acton, London, W3 7YG.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102 section 1A for small companies. The Financial Reporting Standard applicable in the UK and the Republic of Ireland.

3. Significant accounting policies

Basis of preparation

Freshways Limited is a company limited by shares incorporated in England within the United Kingdom. The registered office address is given in the company information on page 1 of these financial statements. The principal activity of the company during the year was distribution of milk and other products

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements have been prepared on a going concern basis which assume that the company will continue to trade for the foreseeable future. The directors believe that this basis is appropriate as the holding company have given a pledge of financial support to the company and modified to include the goodwill on hive up of business without consideration following group reorganisation.

The directors expect the company will improve its trading results in the future and therefore have prepared the accounts on a going concern basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

The 'Nijjar Group' consisting of Nijjar Dairies Limited (NDL), RSN Property Limited (RSN), Freshways Limited (FWL), Nijjar Property Limited (NPL), Nijjar Holdings Limited (NHL) and Chequers Transport (Bedford) Ltd (CTL) have a bank facility of £2 million with unlimited cross group guarantees in favour of the bank.

The significant accounting policies applied in the presentation of the financial statements are set out below. These policies have been applied consistently to all years presented unless otherwise stated.

Freshways Limited

Notes to the Financial Statements *(continued)*

Year Ended 31st December 2018

3. Significant accounting policies *(continued)*

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Going concern

As stated in the strategic report the company made a net loss during the year ended 31 December 2018 and at the balance sheet date, it had net current liabilities of £2,660,973. The company is a 50% subsidiary of Nijjar Holdings Ltd and is reliant on the continuing financial support of the group of companies headed by Nijjar Holdings Limited. The directors of the Group have prepared forecasts and projections taking account of reasonably possible changes in trading performance which indicate that the Group will have sufficient resources to meet its financial obligations as they fall due, being the period of at least 12 months from the signing of these financial statements. Also, the holding company have given a pledge of financial support to the company.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Nijjar Group Holdings (Acton) Limited which can be obtained from Companies House. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) No disclosure has been given for the aggregate remuneration of key management personnel

Judgements and key sources of estimation uncertainty

The judgements made by management during the current period are based on a long term understanding of the market they operate in and based on how the business has been conducted historically.

Freshways Limited

Notes to the Financial Statements *(continued)*

Year Ended 31st December 2018

3. Significant accounting policies *(continued)*

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable net of VAT and trade discounts. The policies adopted for the recognition of turnover are as follows

Sale of goods

Turnover from the sale of goods is recognised at the point of dispatch.

Taxation

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements. 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.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences. Deferred tax on revalued non-depreciable tangible fixed assets and investment properties is measured using the rates and allowances that apply to the sale of the asset.

Freshways Limited

Notes to the Financial Statements (continued)

Year Ended 31st December 2018

3. Significant accounting policies (continued)

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a reducing balance basis over its useful life, with a maximum life of ten years. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

Hive up Goodwill is calculated at the difference between the consideration and identifiable net assets. Hive up Goodwill is amortised on 20% straight line basis.

Amortisation

Goodwill	- 20% reducing balance with a maximum useful life of 10 years, straight line from 2018
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation, gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Freshways Limited

Notes to the Financial Statements *(continued)*

Year Ended 31st December 2018

3. Significant accounting policies *(continued)*

Depreciation

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

Plant & Machinery	- 15% reducing balance
Fixture & Fittings	- 15% reducing balance
Motor Vehicles	- 25% reducing balance
Computer Equipment & Software	- Straight line over 3 years

Motor vehicles are depreciated over 5 years in straight line basis from the start of 2016.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date. For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Provision is made for any impairment

Stocks

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

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Freshways Limited

Notes to the Financial Statements *(continued)*

Year Ended 31st December 2018

3. Significant accounting policies *(continued)*

Defined contribution plans *(continued)*

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2018	2017
	£	£
Sale of goods	<u>15,765,543</u>	<u>11,693,929</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Operating loss

Operating profit or loss is stated after charging/crediting:

	2018	2017
	£	£
Amortisation of intangible assets	52,679	144,106
Depreciation of tangible assets	219,345	131,998
Loss on disposal of tangible assets	1,134	1,968
Impairment of trade debtors	(1,202)	9,043
Operating lease rentals	<u>3,082</u>	<u>2,754</u>

6. Auditor's remuneration

	2018	2017
	£	£
Fees payable for the audit of the financial statements	<u>6,000</u>	<u>6,000</u>
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	<u>7,200</u>	<u>7,200</u>

The auditor's remuneration for group associates are not disclosed as this information is shown in consolidated accounts.

Freshways Limited

Notes to the Financial Statements (continued)

Year Ended 31st December 2018

7. Particulars of employees

The average number of persons employed by the company during the year, including the directors, amounted to:

	2018	2017
	No.	No.
Distribution staff	93	61
Administrative staff	6	5
Management staff	2	2
	<u>101</u>	<u>68</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2018	2017
	£	£
Wages and salaries	2,108,284	1,345,455
Social security costs	163,347	102,394
Other pension costs	19,739	7,310
	<u>2,291,370</u>	<u>1,455,159</u>

8. Directors' remuneration

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

	2018	2017
	£	£
Remuneration	<u>74,076</u>	<u>74,076</u>

9. Taxation on ordinary activities

Major components of tax expense

	2018	2017
	£	£
Current tax:		
UK current tax expense	—	41,480
Taxation on ordinary activities	<u>—</u>	<u>41,480</u>

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015.

An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly and reduce the deferred tax liability.

Freshways Limited

Notes to the Financial Statements (continued)

Year Ended 31st December 2018

9. Taxation on ordinary activities (continued)

Reconciliation of tax expense

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%).

	2018 £	2017 £
(Loss)/profit on ordinary activities before taxation	(668,086)	16,653
(Loss)/profit on ordinary activities by rate of tax	(126,926)	3,205
Adjustment to tax charge in respect of prior periods	–	41,480
Effect of expenses not deductible for tax purposes	333	7,794
Effect of capital allowances and depreciation	42,290	3,624
Utilisation of tax losses	–	(14,623)
Unused tax losses	84,303	–
Tax on (loss)/profit	–	41,480

Factors that may affect future tax income

10. Intangible assets

	Goodwill £
Cost	
At 1st January 2018 and 31st December 2018	1,310,922
Amortisation	
At 1st January 2018	1,056,527
Charge for the year	52,679
At 31st December 2018	1,109,206
Carrying amount	
At 31st December 2018	201,716
At 31st December 2017	254,395

Freshways Limited

Notes to the Financial Statements (continued)

Year Ended 31st December 2018

11. Tangible assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment & Software £	Total £
Cost					
At 1st January 2018	2,100	57,419	892,187	109,875	1,061,581
Additions	800	-	546,842	-	547,642
Disposals	-	-	(21,400)	-	(21,400)
At 31st December 2018	2,900	57,419	1,417,629	109,875	1,587,823
Depreciation					
At 1st January 2018	79	45,902	351,629	104,366	501,976
Charge for the year	343	1,728	214,343	2,931	219,345
Disposals	-	-	(19,600)	-	(19,600)
At 31st December 2018	422	47,630	546,372	107,297	701,721
Carrying amount					
At 31st December 2018	2,478	9,789	871,257	2,578	886,102
At 31st December 2017	2,021	11,517	540,558	5,509	559,605

12. Stocks

	2018 £	2017 £
Finished goods	37,315	26,727

13. Debtors

	2018 £	2017 £
Trade debtors	608,743	550,815
Prepayments and accrued income	21,595	12,721
Other debtors	40,241	36,221
	670,579	599,757

Freshways Limited

Notes to the Financial Statements (continued)

Year Ended 31st December 2018

14. Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	93,538	302,881
Amounts owed to group undertakings	3,402,000	2,262,353
Accruals and deferred income	94,310	71,359
Social security and other taxes	93,636	33,187
Other creditors	45,383	23,060
	<u>3,728,867</u>	<u>2,692,840</u>

Other creditors include pension liability of £2,557.19 (2017 – £654.76).

15. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £19,739 (2017: £7,310).

16. Called up share capital

Authorised share capital

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100.00</u>	<u>100</u>	<u>100.00</u>

Issued, called up and fully paid

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	<u>4</u>	<u>4.00</u>	<u>4</u>	<u>4.00</u>

17. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

Freshways Limited

Notes to the Financial Statements (continued)

Year Ended 31st December 2018

18. Commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2018	2017
	£	£
Not later than 1 year	33,600	42,000
Later than 1 year and not later than 2 years	-	15,600
Later than 2 years and not later than 5 years	24,000	-
	<u>57,600</u>	<u>57,600</u>

19. Directors' advances, credits and guarantees

	2018	2017
	£	£
Balance B/fwd	(3,912)	(6,658)
Receipts	4,546	7,746
Payments	-	(5,000)
	<u>634</u>	<u>(3,912)</u>

The maximum amount overdrawn during the year was £3,912(2017 - £11,658). There is no interest charged on the overdrawn director loan account balance by the company and the balance was cleared by a bonus given in October 18.

20. Related party transactions

Controlling Party

The company is owned 50% by Nijjar Holdings Ltd (NHL) and 25% each by Mr Gurminder Singh Nijjar and his wife Mrs Gulbinder Kaur Nijjar.

Exemption has been taken in respect of related party disclosure of group transactions on the grounds that details of the subsidiaries are included in the publicly available consolidated accounts.

21. Accounting period

Due to nature of the business, the business is conducted on a weekly basis. The accounts for Freshways Ltd (FWL) have been prepared to the last Saturday of the year which is 29 December 2018.