

COMPANY REGISTRATION NUMBER: 03074551

Freshways Limited
Financial Statements
2nd January 2021

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

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Freshways Limited
Financial Statements
Period Ended 2nd January 2021

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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

Period Ended 2nd January 2021

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 period 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 fell during the period from £15.84 million to £7.24 million but operating margins improved resulting in a net profit after tax of £382,079. This was a tough business period 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 18 shows a deficit position, shareholders' funds amounting to £1,893,901.

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.

	2 Jan 2021	28 Dec 19	Percentage change
	£	£	£
Turnover	7,241,405	15,839,512	(54)
Gross Profit	2,237,780	3,294,385	(32)
Profit/(loss) before tax	382,079	(702,825)	154
Cash at bank & Hand	(1,230,685)	421,430	392
Trade Debtors	–	315,258	(100)
Trade Creditors	314,937	171,383	84
Net current liabilities	(1,893,901)	(2,275,980)	17

Going Concern

The directors have adopted the going concern basis in preparing these accounts after assessing the principal risks but there can be no certainty in the matter. The directors have considered the impact of the current Covid-19 environment on the business for the next 12 months.

Freshways Limited

Strategic Report *(continued)*

Period Ended 2nd January 2021

The planning was difficult in the current climate so the directors have considered the impact of Covid-19 on business sales, customers and suppliers. The directors of the company took various measures and did a comprehensive review of all costs impacting the business with cost reductions in all areas. The directors believe that the group will remain profitable over the next 12 months and would anticipate a recovery in the following years.

As seen on page 17 the company, at the balance sheet date, the company had net current liabilities of £2,115,254. The company is a subsidiary of Nijjar Holdings Ltd and is reliant on the continuing financial support of the group companies headed by Nijjar Group Holdings (Acton) Ltd, ultimate holding company of the group. The company is also relying on continuing financial support from the bank with regards to their overdraft position. The directors have prepared forecasts and projections with the above factors taken into consideration and concluded that the group will have sufficient resources to meet its financial obligations as they fall due for the period at least 12 months from the signing of these financial statements. Also, a letter of support from an associate company has been given for continued financial support to the company for the next 12 months.

Principal risks and uncertainties

Credit risk

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

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.

Other risk

Ongoing Brexit negotiations and the related uncertainties that this brings remains as a risk that the business directors continue to monitor and review any developments.

The Covid-19 pandemic is an unprecedented situation which has impacted operations of the company in the short term. This pandemic provides significant uncertainty over the ability for companies to operate due to its impact of isolation measures taken by suppliers and customers. The company has already engaged in measures like working from home where practical and will continue to monitor the situation regarding wider impact of the virus on milk delivery, changing customer behaviour and other operations alike.

Energy and carbon reporting - Streamlined Energy & Carbon Reporting 2019/20

The information provided in this report address the Company's obligation under the Companies (Director's Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, commonly referred to as Streamlined Energy & Carbon Reporting (SECR). The report builds up on the information provided by Freshways Ltd for previous

Freshways Limited

Strategic Report *(continued)*

Period Ended 2nd January 2021

reporting year under the Mandatory Greenhouse Gas (GHG) requirements.

The data reported below relates to emissions from activities in the operational control of the Company from 29th December 2019 to 2nd January 2021 consistent with its financial reporting period. All of the energy consumption and emissions data relate to activities undertaken in the United Kingdom.

Energy data is based on activity data contained in supplier invoices for road fuel transactions used for business travel and minor quantities for gas used in other small equipment plus utility meter data for electricity usage.

	Unit	2 Jan 2021 £	28 Dec 19 £
Fuels -	kWh	1,509,365	3,911,196
Electricity -	kWh	132,885	163,171
Total Energy Use -	kWh	1,642,250	4,074,367
Scope 1 Emissions -	Tonnes CO2e	352	909
Scope 2 Emissions -	Tonnes CO2e	31	38
Total Scope 1&2 Emissions -	Tonnes CO2e	383	947

The company has followed the GHG Protocol Corporate Accounting and Reporting Standard to calculate emissions from fuels (Scope 1) and from purchased electricity (Scope 2). Carbon emission factors have been used to convert each activity that gives rise to GHG emissions to a carbon dioxide equivalent (CO2e) using the latest government conversion factors for company reporting. Scope 1 emission data includes the material sources of road fuel used by all company vehicles. Scope 2 emissions data includes purchased electricity used in manufacturing, distribution and the offices. The company does not monitor any incoming distribution channels so those figures have been excluded from the report.

Director's duties - compliance with S172 of the Companies Act 2006

Section 172 of the Companies Act 2006 require directors of the group to act in a way they consider, in good faith, would most likely promote the success of the group for the benefit of its shareholders as a whole. In doing this, section 172 requires a director to have a regard, amongst other matters, to the:

- Likely consequences of any decision in the long term;
- Need to foster the group's business relationship with suppliers, customers and others;
- Impact of the group's operations on the community and environment;
- Desirability of the group maintaining a reputation for high standards of business conduct;
- Need to act fairly between members of the group.

Stakeholder Relationships and Engagement

The Board understands that good governance includes maintaining a clear, effective, meaningful relationship with all relevant stakeholders including our customers, our

Freshways Limited

Strategic Report *(continued)*

Period Ended 2nd January 2021

employees, the wider Group, our suppliers and the communities and environments in which we operate.

How we engage our employees

We recognise that people are our valuable asset. Our success is dependent on their efforts and investment into our staff. The board holds the strong belief that engaging with our people is of key importance to successfully implementing its longer term strategies. Investing in our people with training and development is protecting our future and promoting our success. The company policies and practices are applied at a local level. Ongoing dialogue between managers and teams throughout the calendar year is proactively encouraged. All our employees agree to follow the dedicated UK employee handbook which includes all our related policies.

Customers and consumers

Our customers are essential to our business. Working with transparency and openness fosters our long-term customer relationships, and understanding our customers wants and needs informs our business decisions and priorities. We build trust with our customers through acting with integrity, honesty and promoting effective communication. Our customers are interested in our long-term trading position as they seek guarantee of supply and consistency of product and pricing.

Our food service channel has been a high growth area during the period for the Company. Our consumers are the end users of our products and services and continued engagement remains at the forefront of our strategic decisions.

We are dedicated to providing each and every one of our clients throughout the UK, with the freshest milk and dairy products available. From wholesalers and manufacturers right through to small businesses such as bakeries, cafes, hotels and retailers, we are the reliable dairy products supplier in the UK. We pride ourselves on being an independent and family run business that offers only the highest quality dairy products and supplies of a wide range of own-label and branded food including bread, yogurt, fruit juices, cheeses, and eggs.

Our external suppliers

The Board recognises the key role that our external suppliers of everything else excluding milk, play in ensuring the reliable delivery of products to our customers. We deal with proven suppliers which gives confidence over our suppliers' practices. This all lends itself to more efficient relationships with our suppliers in terms of delivery, issues that arise and effective consolidation of ordering. We proactively manage our key supplier relationships and hold regular meetings to provide opportunity for hearing from our strategic partners first hand on what challenges they face and understanding ways we can collaborate towards solutions. The Board engages where necessary in terms of matters of external suppliers, be it a decision over which supplier to use, or discussions of any significant issues or disputes that may arise.

External environment

The UK is aligned over the importance given to sustainability and it forms a crucial part of the Company strategy and the Board considers the external environment in several ways. We are constantly taking steps to achieve our goals, from reducing CO2 emissions to reducing

Freshways Limited

Strategic Report *(continued)*

Period Ended 2nd January 2021

waste in our operations. For example, we reduce CO2 emissions through effective route planning. An example of our commitment to sustainable packaging is our continued commitment to increase the level of recycle-friendly packaging materials we use, including the use of film pouches instead of plastic bottles by investing in new plant and machinery over the years to reduce plastic use.

This report was approved by the board of directors on 27 September 2021 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

Period Ended 2nd January 2021

The directors present their report and the financial statements of the company for the period ended 2nd January 2021.

Principal activities

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

Directors

The directors who served the company during the period 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.

Employment of disabled persons

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

The policy of providing employees with information about the company was introduced a few years ago, in which employees are encouraged to present their suggestions and views on the company. The company provide opportunities for training and development for all staff and reward employees with departmental staff parties; including food when overtime is completed and employee of the month schemes.

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.

Freshways Limited

Directors' Report *(continued)*

Period Ended 2nd January 2021

Company law requires the directors to prepare financial statements for each financial period. 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.

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.

Freshways Limited

Directors' Report *(continued)*

Period Ended 2nd January 2021

This report was approved by the board of directors on 23 September 2021 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

Period Ended 2nd January 2021

Opinion

We have audited the financial statements of Freshways Limited (the 'company') for the period ended 2nd January 2021 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 2nd January 2021 and of its profit for the period 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.

Freshways Limited

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

Period Ended 2nd January 2021

Material uncertainty related to going concern

We draw attention to negative net current liabilities of £2,115,254, as shown on the balance sheet page 17, that may cast significant doubt on the entities ability to continue as going concern. The company is heavily reliant on the continued support of group companies and bank facilities.

We also draw your attention to additional uncertainty created by the ongoing Covid situation and the merger negotiations between Nijjar Group's milk processing and distributing companies (including FWL) and Medina Holdings Ltd and its subsidiaries. The merger is currently under review to seek clearance to proceed with the Competition and Markets Authority (CMA).

These matters indicate there are material uncertainties that may cause significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect of going concern are described in the relevant section of this report.

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.

Freshways Limited

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

Period Ended 2nd January 2021

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 directors' report for the financial period 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, 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.

Freshways Limited

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

Period Ended 2nd January 2021

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, Financial Reporting Standards, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, appropriate audit procedures were used to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

Freshways Limited

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

Period Ended 2nd January 2021

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.
- 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.

Freshways Limited

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

Period Ended 2nd January 2021

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 Muhammed Aslam Alam Nomani (Senior Statutory Auditor)

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

27 September 2021

Freshways Limited
Statement of Income and Retained Earnings
Period Ended 2nd January 2021

		Period from 29 Dec 19 to 2 Jan 21	Period from 1 Jan 19 to 28 Dec 19
	Note	£	£
Turnover	4	7,241,405	15,839,512
Cost of sales		<u>(5,003,625)</u>	<u>(12,545,127)</u>
Gross profit		2,237,780	3,294,385
Administrative expenses		<u>(1,855,666)</u>	<u>(3,997,210)</u>
Operating profit/(loss)	5	382,114	(702,825)
Interest payable	9	<u>(35)</u>	<u>-</u>
Profit/(loss) before taxation		382,079	(702,825)
Taxation on ordinary activities	10	<u>-</u>	<u>-</u>
Profit/(loss) for the financial period and total comprehensive income		<u>382,079</u>	<u>(702,825)</u>
Retained losses at the start of the period		<u>(2,275,984)</u>	<u>(1,573,159)</u>
Retained losses at the end of the period		<u>(1,893,905)</u>	<u>(2,275,984)</u>

All the activities of the company are from continuing operations.

The notes on pages 19 to 30 form part of these financial statements.

Freshways Limited
Statement of Financial Position
2nd January 2021

	Note	2 Jan 21 £	28 Dec 19 £
Fixed assets			
Intangible assets	11	74,128	129,764
Tangible assets	12	<u>147,225</u>	<u>248,081</u>
		221,353	377,845
Current assets			
Stocks	13	19,541	22,110
Debtors	14	21,910	346,425
Cash at bank and in hand		<u>–</u>	<u>421,430</u>
		41,451	789,965
Creditors: amounts falling due within one year	15	<u>2,156,705</u>	<u>3,443,790</u>
Net current liabilities		<u>2,115,254</u>	<u>2,653,825</u>
Total assets less current liabilities		<u>(1,893,901)</u>	<u>(2,275,980)</u>
Net liabilities		<u>(1,893,901)</u>	<u>(2,275,980)</u>

The statement of financial position
continues on the following page.
The notes on pages 19 to 30 form part of these financial statements.

Freshways Limited

Statement of Financial Position *(continued)*

2nd January 2021

	Note	2 Jan 21 £	28 Dec 19 £
Capital and reserves			
Called up share capital	17	4	4
Profit and loss account	18	<u>(1,893,905)</u>	<u>(2,275,984)</u>
Shareholders deficit		<u>(1,893,901)</u>	<u>(2,275,980)</u>

These financial statements were approved by the board of directors and authorised for issue on 23 September 2021, and are signed on behalf of the board by:



Mr Balvinder Singh Nijjar
Director

Company registration number: 03074551

The notes on pages 19 to 30 form part of these financial statements.

Freshways Limited
Notes to the Financial Statements
Period Ended 2nd January 2021

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 period 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 has 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 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)*

Period Ended 2nd January 2021

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

The directors have adopted the going concern basis in preparing these accounts after assessing the principal risks but there can be no certainty in the matter. The directors have considered the impact of the current Covid-19 environment on the business for the next 12 months. The planning was difficult in the current climate so we have considered the impact of Covid-19 on business sales, customers and suppliers. The directors of the company took various measures and did a comprehensive review of all costs impacting the business with cost reductions in all areas. The directors believe that the group and company will remain profitable over the next 12 months and would anticipate a recovery in the following years.

As stated in the strategic report the company, at the balance sheet date, had net current liabilities of £2,115,254. The company is a subsidiary of Nijjar Holdings Ltd and is reliant on the continuing financial support of the group companies headed by Nijjar Group Holdings (Acton) Ltd, ultimate holding company of the group. The company is also relying on continuing financial support from the bank with regards to their overdraft position. The directors have prepared forecasts and projections with the above factors taken into consideration and concluded that the group will have sufficient resources to meet its financial obligations as they fall due for the period at least 12 months from the signing of these financial statements. Also, a letter of support from the holding company has been given for continued financial support to the company for the next 12 months.

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.

Freshways Limited

Notes to the Financial Statements *(continued)*

Period Ended 2nd January 2021

3. Significant accounting policies *(continued)*

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.

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)*

Period Ended 2nd January 2021

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 - Straight line over 10 years

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.

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.

Freshways Limited

Notes to the Financial Statements *(continued)*

Period Ended 2nd January 2021

3. Significant accounting policies *(continued)*

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 in the value of the fixed assets.

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.

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.

Freshways Limited

Notes to the Financial Statements *(continued)*

Period Ended 2nd January 2021

4. Turnover

Turnover arises from:

	Period from 29 Dec 19 to 2 Jan 21 £	Period from 1 Jan 19 to 28 Dec 19 £
Sale of goods	<u>7,241,405</u>	<u>15,839,512</u>

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

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	Period from 29 Dec 19 to 2 Jan 21 £	Period from 1 Jan 19 to 28 Dec 19 £
Amortisation of intangible assets	55,636	71,952
Depreciation of tangible assets	97,490	228,869
Loss/(gains) on disposal of tangible assets	1,483	(248,994)
Impairment of trade debtors	28,549	13,907
Operating lease rentals	<u>2,000</u>	<u>2,500</u>

6. Auditor's remuneration

	Period from 29 Dec 19 to 2 Jan 21 £	Period from 1 Jan 19 to 28 Dec 19 £
Fees payable for the audit of the financial statements	<u>9,200</u>	<u>9,200</u>
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	<u>10,000</u>	<u>10,000</u>

Freshways Limited

Notes to the Financial Statements (continued)

Period Ended 2nd January 2021

6. Auditor's remuneration (continued)

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

7. Particulars of employees

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

	2 Jan 21	28 Dec 19
	No.	No.
Distribution staff	38	92
Administrative staff	5	8
Management staff	2	2
	<u>45</u>	<u>102</u>

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

	Period from 29 Dec 19 to 2 Jan 21	Period from 1 Jan 19 to 28 Dec 19
	£	£
Wages and salaries	1,032,588	2,246,087
Social security costs	87,711	165,757
Other pension costs	17,322	33,556
	<u>1,137,621</u>	<u>2,445,400</u>

8. Directors' remuneration

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

	Period from 29 Dec 19 to 2 Jan 21	Period from 1 Jan 19 to 28 Dec 19
	£	£
Remuneration	<u>76,349</u>	<u>79,073</u>

Freshways Limited

Notes to the Financial Statements *(continued)*

Period Ended 2nd January 2021

9. Interest payable

	Period from 29 Dec 19 to 2 Jan 21	Period from 1 Jan 19 to 28 Dec 19
	£	£
Other interest payable and similar charges	<u>35</u>	<u>-</u>

10. Taxation on ordinary activities

Reconciliation of tax income

The tax assessed on the profit/(loss) on ordinary activities for the period is lower than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	Period from 29 Dec 19 to 2 Jan 21	Period from 1 Jan 19 to 28 Dec 19
	£	£
Profit/(loss) on ordinary activities before taxation	<u>382,079</u>	<u>(702,825)</u>
Profit/(loss) on ordinary activities by rate of tax	72,595	(133,537)
Effect of expenses not deductible for tax purposes	3,075	1,002
Effect of capital allowances and depreciation	19,231	(17,321)
Utilisation of tax losses	(94,901)	-
Unused tax losses	<u>-</u>	<u>149,856</u>
Tax on profit/(loss)	<u>-</u>	<u>-</u>

Freshways Limited
Notes to the Financial Statements *(continued)*
Period Ended 2nd January 2021

11. Intangible assets

	Goodwill £
Cost	
At 29th December 2019 and 2nd January 2021	<u>1,310,922</u>
Amortisation	
At 29th December 2019	1,181,158
Charge for the period	<u>55,636</u>
At 2nd January 2021	<u>1,236,794</u>
Carrying amount	
At 2nd January 2021	<u>74,128</u>
At 28th December 2019	<u>129,764</u>

12. Tangible assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment & software £	Total £
Cost					
At 29th December 2019	13,200	59,269	618,853	109,875	801,197
Disposals	<u>–</u>	<u>–</u>	<u>(25,000)</u>	<u>–</u>	<u>(25,000)</u>
At 2nd January 2021	<u>13,200</u>	<u>59,269</u>	<u>593,853</u>	<u>109,875</u>	<u>776,197</u>
Depreciation					
At 29th December 2019	1,112	49,208	393,512	109,284	553,116
Charge for the period	1,813	1,509	93,577	591	97,490
Disposals	<u>–</u>	<u>–</u>	<u>(21,634)</u>	<u>–</u>	<u>(21,634)</u>
At 2nd January 2021	<u>2,925</u>	<u>50,717</u>	<u>465,455</u>	<u>109,875</u>	<u>628,972</u>
Carrying amount					
At 2nd January 2021	<u>10,275</u>	<u>8,552</u>	<u>128,398</u>	<u>–</u>	<u>147,225</u>
At 28th December 2019	<u>12,088</u>	<u>10,061</u>	<u>225,341</u>	<u>591</u>	<u>248,081</u>

13. Stocks

	2 Jan 21 £	28 Dec 19 £
Finished goods	<u>19,541</u>	<u>22,110</u>

Freshways Limited

Notes to the Financial Statements *(continued)*

Period Ended 2nd January 2021

14. Debtors

	2 Jan 21	28 Dec 19
	£	£
Trade debtors	–	315,258
Prepayments and accrued income	9,710	14,847
Other debtors	12,200	16,320
	<u>21,910</u>	<u>346,425</u>

15. Creditors: amounts falling due within one year

	2 Jan 21	28 Dec 19
	£	£
Bank loans and overdrafts	1,230,685	–
Trade creditors	314,937	171,383
Amounts owed to group undertakings	368,833	3,045,145
Accruals and deferred income	94,731	137,891
Social security and other taxes	132,049	82,519
Director loan accounts	634	634
Other creditors	14,836	6,218
	<u>2,156,705</u>	<u>3,443,790</u>

Other creditors include pension liability of £3,105 (2019 - £2,118). Bank overdrafts are secured by a debenture over all current and future assets of the company and also by a cross group bank guarantee as details shown in note 3.

16. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £17,322 (2019: £33,556).

17. Called up share capital

Authorised share capital

	2 Jan 21		28 Dec 19	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Freshways Limited

Notes to the Financial Statements *(continued)*

Period Ended 2nd January 2021

17. Called up share capital *(continued)*

Issued, called up and fully paid

	2 Jan 21		28 Dec 19	
	No.	£	No.	£
Ordinary shares of £1 each	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

18. Reserves

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

19. Commitments under operating leases

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

	2 Jan 21	28 Dec 19
	£	£
Not later than 1 year	26,000	18,000
Later than 1 year and not later than 5 years	24,700	62,000
Later than 5 years	<u>—</u>	<u>102,300</u>
	<u>50,700</u>	<u>182,300</u>

20. Related party transactions

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

Controlling Party

The directors were the key management personnel during the period.

Following transaction took place between FWL and one of the subsidiary company of NHL during the first 4 months of trading in the current and previous period:

	2 Jan 21	28 Dec 19
	£	£
Sales to associate	1,657,171	6,893,440
Purchase from associate	147,621	12,456,808

On 30th April 2020, Nijjar Holdings Ltd (NHL) purchased additional 50% share holdings of FWL, and became 100% subsidiary of NHL, see note no 21. Exemption has been taken for related party transactions for the remaining 8 months period.

Freshways Limited

Notes to the Financial Statements *(continued)*

Period Ended 2nd January 2021

21. Controlling party

Nijjar Holdings Limited (a company incorporated in England & Wales) is become parent undertaking of Freshways Limited (FWL) during the period by acquiring additional 50% share holdings on 30th April 2020. The registered office address is the same as FWL.

22. Ultimate parent company

Nijjar Group Holdings (Acton) Limited (a company incorporated in England & Wales) with the same registered office is the ultimate parent undertaking of FWL. Copies of the group financial statements can be obtained from the Companies House website.

23. 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 closest Saturday to 31st December which is 2nd January 2021 for the current period. The previous period accounts were prepared up until 28th December 2019.

24. Liability limitation agreement

The company entered into a liability limitation agreement on 1st October 2020. The agreement states that an amount will be owed by the auditor to the company in respect of any negligence, default, breach of duty or breach of trust, occurring in the course of the audit of accounts, of which the auditor may be guilty in relation to the company up to the limit of £350,000.

25. Post balance sheet

Merger negotiations are being conducted between Nijjar Group's milk processing and distributing companies (including FWL) and Medina Holdings Ltd and its subsidiaries. The merger is currently under review by the Competition and Markets Authority (CMA) to seek clearance to proceed. However, the outcome cannot be reliably predicted.