

COMPANY REGISTRATION NUMBER: 2166058

Johal Dairies Limited

Financial Statements

1st October 2022



JAVED & CO

Chartered accountants & statutory auditor

109 Hagley Road

Birmingham

B16 8LA

Johal Dairies Limited
Financial Statements
Period Ended 1st October 2022

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	6
Independent auditor's report to the members	8
Statement of income and retained earnings	14
Statement of financial position	15
Notes to the financial statements	17
The following pages do not form part of the financial statements	
Detailed income statement	31

Johal Dairies Limited

Officers and Professional Advisers

The board of directors

Mr Surbjit Singh Johal
Mrs Manjit Kaur Johal
Mr Gurnek Singh Johal

Company secretary

Mrs Manjit Kaur Johal

Registered office

Cannock Road
Wolverhampton
West Midlands
WV1 4PN

Auditor

Javed & Co
Chartered accountants & statutory auditor
109 Hagley Road
Birmingham
B16 8LA

Bankers

Barclays Bank Plc
8 Lichfield Street
Bilston
West Midlands
WV14 0AE

Johal Dairies Limited

Strategic Report

Period Ended 1st October 2022

Introduction

The principal activity of the company is that of selling milk, dairy and other associated 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 the report, of any likely major changes in the company's principal activities in the next year.

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

Business Review

Johal Dairies Ltd's turnover increased during the period from £32.1 million to £38.3 million but the net profitability of the company fell from £0.52 million to £0.15 million during tough trading conditions. The company's balance sheet as detailed on page 14 shows a satisfactory position, shareholders' funds amounting to £14 million.

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 or position of the entity.

	2022	2021	Percentage change
	£	£	%
Turnover	38.3m	32.1m	19
Gross Profit	7.47m	7.19m	4
Net Profit after tax	0.15m	0.52m	(71)
Cash at bank and in hand	3.41m	4.43m	(23)
Bank Loan and Overdraft	Nil	1.81m	(100)
Trade Debtors	3.59m	2.53m	42
Trade Creditors	4.83m	3.74m	29
Amounts due from holding company	11.22m	11.98m	(6)

Principal risks and uncertainties

Credit risk

The company manages credit risk by tight credit control.

Commodity pricing risk

The company 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.

Energy and carbon reporting - Streamlined Energy & Carbon Reporting

The information provided in this report address the Company's obligation under the

Johal Dairies Limited

Strategic Report *(continued)*

Period Ended 1st October 2022

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 Johal Dairies Ltd for previous 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 3rd October 2021 to 1st October 2022 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 and gas usage.

	2022
	£
Fuels - kWh	4,350,425
Electricity - kWh	250,782
	<hr/>
Total Energy Use - kWh	4,601,207
	<hr/>
Scope 1 GHG Emissions - tonnes CO2e	1,088
Scope 2 GHG Emissions - tonnes CO2e	49
	<hr/>
Total Scope 1 & 2 Emissions - tonnes CO2e	1,137
	<hr/>

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.

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

Section 172 of the Companies Act 2006 require directors of the company to act in a way they consider, in good faith, would most likely promote the success of the company 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 company's business relationship with suppliers, customers and others;
- Impact of the company's operations on the community and environment;- Desirability of the company maintaining a reputation for high standards of business conduct; and
- Need to act fairly between members of the company.

Stakeholder Relationships and Engagement

Johal Dairies Limited

Strategic Report *(continued)*

Period Ended 1st October 2022

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

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 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, with the freshest milk and dairy products available. For businesses such as schools, cafes, wholesalers and retailers, we are the reliable dairy products supplier in the midlands. 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 branded food including bread, yogurt, fruit juices, cheeses, and eggs.

Our external suppliers

The directors recognise 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 directors engage 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 board duly acknowledges and conscientiously evaluates the external milieu as part of its unwavering commitment to mitigate our environmental impact and contribute to a healthier planet. We are committed to achieving net zero greenhouse gas emissions and have taken effective measures to attain this goal.

Johal Dairies Limited

Strategic Report *(continued)*

Period Ended 1st October 2022

We strive to enrich lives, through responsible sourcing, while prioritising health and safety concerns. We have made substantial strides over the years through the implementation of sustainable environmental practices, including the adoption of electricity purchased from renewable source and the optimisation of water consumption. We recognise the pressing need to combat climate change and protect the environment for future generations, ensuring that sustainability remains at the core of everything we do.

This report was approved by the board of directors on 2 September 2023 and signed on behalf of the board by:



Mr Surbjit Singh Johal
Director

Registered office:
Cannock Road
Wolverhampton
West Midlands
WV1 4PN

Johal Dairies Limited

Directors' Report

Period Ended 1st October 2022

The directors present their report and the financial statements of the company for the period ended 1st October 2022.

Principal activities

The principal activity of the company is that of selling milk, dairy and other associated products.

Directors

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

Mr Surbjit Singh Johal
Mrs Manjit Kaur Johal
Mr Gurnek Singh Johal

Dividends

The directors do not recommend the payment of a dividend.

Financial instruments

Financial instruments relate to a bank loan.

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 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.

Johal Dairies Limited

Directors' Report *(continued)*

Period Ended 1st October 2022

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 **2** September 2023 and signed on behalf of the board by:



Mr Surbjit Singh Johal
Director

Registered office:
Cannock Road
Wolverhampton
West Midlands
WV1 4PN

Johal Dairies Limited

Independent Auditor's Report to the Members of Johal Dairies Limited

Period Ended 1st October 2022

Opinion

We have audited the financial statements of Johal Dairies Limited (the 'company') for the period ended 1st October 2022 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 1st October 2022 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.

Conclusions relating to going concern

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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Johal Dairies Limited

Independent Auditor's Report to the Members of Johal Dairies Limited (continued)

Period Ended 1st October 2022

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, 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.

Johal Dairies Limited

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

Period Ended 1st October 2022

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.

Johal Dairies Limited

Independent Auditor's Report to the Members of Johal Dairies Limited (continued)

Period Ended 1st October 2022

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.

Johal Dairies Limited

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

Period Ended 1st October 2022

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.

Johal Dairies Limited

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

Period Ended 1st October 2022

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
Chartered accountants & statutory auditor
109 Hagley Road
Birmingham
B16 8LA
2 September 2023

Johal Dairies Limited

Statement of Income and Retained Earnings

Period Ended 1st October 2022

		Period from 3 Oct 21 to 1 Oct 22	Period from 4 Oct 20 to 2 Oct 21
	Note	£	£
Turnover	4	38,254,822	32,064,405
Cost of sales		(30,782,938)	(24,879,285)
Gross profit		7,471,884	7,185,120
Administrative expenses		(7,244,231)	(6,506,027)
Other operating income		6,290	1,484
Operating profit	5	233,943	680,577
Other interest receivable and similar income		6,409	399
Interest payable and similar expenses	9	(22,874)	(27,299)
Profit before taxation		217,478	653,677
Tax on profit	10	(67,310)	(135,612)
Profit for the financial period and total comprehensive income		150,168	518,065
Retained earnings at the start of the period		13,192,778	12,674,713
Retained earnings at the end of the period		13,342,946	13,192,778

All the activities of the company are from continuing operations.

The notes on pages 17 to 29 form part of these financial statements.

Johal Dairies Limited
Statement of Financial Position

1st October 2022

	Note	1 Oct 22 £	2 Oct 21 £
Fixed assets			
Intangible assets	11	120,822	139,944
Tangible assets	12	<u>709,844</u>	<u>707,023</u>
		830,666	846,967
Current assets			
Stocks	13	17,401	21,214
Debtors	14	15,172,525	14,646,925
Cash at bank and in hand		<u>3,412,694</u>	<u>4,429,488</u>
		18,602,620	19,097,627
Creditors: amounts falling due within one year	15	<u>5,253,384</u>	<u>5,944,909</u>
Net current assets		<u>13,349,236</u>	<u>13,152,718</u>
Total assets less current liabilities		<u>14,179,902</u>	<u>13,999,685</u>
Provisions			
Taxation including deferred tax	16	<u>(136,956)</u>	<u>(106,907)</u>
Net assets		<u><u>14,042,946</u></u>	<u><u>13,892,778</u></u>

The statement of financial position
continues on the following page.
The notes on pages 17 to 29 form part of these financial statements.

Johal Dairies Limited

Statement of Financial Position *(continued)*

1st October 2022

	Note	1 Oct 22 £	2 Oct 21 £
Capital and reserves			
Called up share capital	19	700,000	700,000
Profit and loss account	20	<u>13,342,946</u>	<u>13,192,778</u>
Shareholders funds		<u>14,042,946</u>	<u>13,892,778</u>

These financial statements were approved by the board of directors and authorised for issue on 2 September 2023 and are signed on behalf of the board by:



Mr Surbjit Singh Johal
Director

Company registration number: 2166058

The notes on pages 17 to 29 form part of these financial statements.

Johal Dairies Limited
Notes to the Financial Statements
Period Ended 1st October 2022

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Cannock Road, Wolverhampton, West Midlands, WV1 4PN.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Significant accounting policies

Basis of preparation

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

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.

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 Johal Dairies Holding Co Ltd 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.

Judgements and key sources of estimation uncertainty

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

Johal Dairies Limited

Notes to the Financial Statements (continued)

Period Ended 1st October 2022

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.

Goodwill

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life up to a maximum of 10 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

Johal Dairies Limited

Notes to the Financial Statements *(continued)*

Period Ended 1st October 2022

3. Significant accounting policies *(continued)*

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	- 25% reducing balance method with maximum life of 10 year
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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.

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:

Leasehold property	- 4% straight line
Plant and machinery	- 15% reducing balance
Fixtures and fittings	- 15% reducing balance
Motor Vehicles	- 25% reducing balance

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 fixed assets.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Trade and other debtors

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised costs using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts

Trade and other creditors

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Johal Dairies Limited

Notes to the Financial Statements *(continued)*

Period Ended 1st October 2022

3. Significant accounting policies *(continued)*

Provisions *(continued)*

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

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.

Johal Dairies Limited

Notes to the Financial Statements (continued)

Period Ended 1st October 2022

4. Turnover

Turnover arises from:

	Period from 3 Oct 21 to 1 Oct 22 £	Period from 4 Oct 20 to 2 Oct 21 £
Sale of goods	<u>38,254,822</u>	<u>32,064,405</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 3 Oct 21 to 1 Oct 22 £	Period from 4 Oct 20 to 2 Oct 21 £
Amortisation of intangible assets	40,622	46,648
Depreciation of tangible assets	212,801	212,391
Loss on disposal of tangible assets	29,282	61,361
Impairment of trade debtors	(17,500)	48,330
Operating lease rentals	<u>12,961</u>	<u>17,366</u>

6. Auditor's remuneration

	Period from 3 Oct 21 to 1 Oct 22 £	Period from 4 Oct 20 to 2 Oct 21 £
Fees payable for the audit of the financial statements	<u>9,750</u>	<u>8,750</u>
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	<u>23,250</u>	<u>23,250</u>

Full detail of auditors' remuneration for the group is available in the consolidated accounts of Johal Dairies Holding Co Ltd, parent company of Johal Dairies Ltd.

Johal Dairies Limited

Notes to the Financial Statements *(continued)*

Period Ended 1st October 2022

7. Staff costs

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

	1 Oct 22 No.	2 Oct 21 No.
Distribution staff	13	12
Administrative staff	25	24
Management staff	3	3
	<u>41</u>	<u>39</u>

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

	Period from 3 Oct 21 to 1 Oct 22 £	Period from 4 Oct 20 to 2 Oct 21 £
Wages and salaries	1,448,041	1,331,860
Social security costs	158,904	129,362
Other pension costs	26,557	21,519
	<u>1,633,502</u>	<u>1,482,741</u>

Other pension costs relate to contributions made to a defined contribution pension scheme see note 18.

8. Directors' remuneration

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

	Period from 3 Oct 21 to 1 Oct 22 £	Period from 4 Oct 20 to 2 Oct 21 £
Remuneration	<u>235,470</u>	<u>263,180</u>

The number of directors who accrued benefits under company pension plans was as follows:

	1 Oct 22 No.	2 Oct 21 No.
Defined contribution plans	<u>1</u>	<u>1</u>

Johal Dairies Limited

Notes to the Financial Statements (continued)

Period Ended 1st October 2022

8. Directors' remuneration (continued)

Remuneration of the highest paid director in respect of qualifying services:

	Period from 3 Oct 21 to 1 Oct 22 £	Period from 4 Oct 20 to 2 Oct 21 £
Aggregate remuneration	<u>81,780</u>	<u>94,170</u>

9. Interest payable and similar expenses

	Period from 3 Oct 21 to 1 Oct 22 £	Period from 4 Oct 20 to 2 Oct 21 £
Interest on banks loans and overdrafts	<u>22,874</u>	<u>27,299</u>

10. Tax on profit

Major components of tax expense

	Period from 3 Oct 21 to 1 Oct 22 £	Period from 4 Oct 20 to 2 Oct 21 £
Current tax:		
UK current tax expense	37,261	141,135
Adjustments in respect of prior periods	—	30
Total current tax	<u>37,261</u>	<u>141,165</u>
Deferred tax:		
Origination and reversal of timing differences	30,049	(5,553)
Tax on profit	<u>67,310</u>	<u>135,612</u>

Johal Dairies Limited

Notes to the Financial Statements *(continued)*

Period Ended 1st October 2022

10. Tax on profit *(continued)*

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the period is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	Period from 3 Oct 21 to 1 Oct 22 £	Period from 4 Oct 20 to 2 Oct 21 £
Profit on ordinary activities before taxation	217,478	653,677
Profit on ordinary activities by rate of tax	41,321	124,199
Adjustment to tax charge in respect of prior periods	—	30
Effect of expenses not deductible for tax purposes	7,166	1,872
Effect of capital allowances and depreciation	(11,226)	15,064
Deferred Tax movement	30,049	(5,553)
Tax on profit	<u>67,310</u>	<u>135,612</u>

11. Intangible assets

	Goodwill £
Cost	
At 3rd October 2021	1,108,627
Additions	—
Acquisitions through business combinations	21,500
At 1st October 2022	<u>1,130,127</u>
Amortisation	
At 3rd October 2021	968,683
Charge for the period	40,622
At 1st October 2022	<u>1,009,305</u>
Carrying amount	
At 1st October 2022	<u>120,822</u>
At 2nd October 2021	<u>139,944</u>

Johal Dairies Limited

Notes to the Financial Statements (continued)

Period Ended 1st October 2022

12. Tangible assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 3rd October 2021	81,751	66,280	200,467	1,495,728	1,844,226
Additions	–	–	6,144	249,092	255,236
Disposals	–	(450)	(2,958)	(146,469)	(149,877)
At 1st October 2022	81,751	65,830	203,653	1,598,351	1,949,585
Depreciation					
At 3rd October 2021	43,120	55,314	101,300	937,469	1,137,203
Charge for the period	3,270	1,634	15,577	192,320	212,801
Disposals	–	(375)	(1,491)	(108,397)	(110,263)
At 1st October 2022	46,390	56,573	115,386	1,021,392	1,239,741
Carrying amount					
At 1st October 2022	35,361	9,257	88,267	576,959	709,844
At 2nd October 2021	38,631	10,966	99,167	558,259	707,023

Land and building relates to short term leasehold property.

13. Stocks

	1 Oct 22 £	2 Oct 21 £
Finished goods and goods for resale	17,401	21,214

14. Debtors

	1 Oct 22 £	2 Oct 21 £
Trade debtors	3,585,341	2,534,191
Amounts owed by group undertakings	11,216,064	11,982,341
Prepayments and accrued income	43,712	43,046
Corporation tax repayable	186,321	–
Other debtors	141,087	87,347
	15,172,525	14,646,925

Johal Dairies Limited

Notes to the Financial Statements *(continued)*

Period Ended 1st October 2022

15. Creditors: amounts falling due within one year

	1 Oct 22	2 Oct 21
	£	£
Bank loans and overdrafts	–	1,806,155
Trade creditors	4,827,142	3,739,045
Accruals and deferred income	48,542	46,391
Corporation tax	–	181
Social security and other taxes	219,001	246,335
Director loan accounts	110,167	46,341
Other creditors	48,532	60,461
	<u>5,253,384</u>	<u>5,944,909</u>

Other creditors include pension liability as at period end of £6,024 (2021 - £4,964)

The bank loan and overdraft is secured by a debenture over the company's assets, a charge over four freehold properties owned by the parent company Johal Dairies Holding Co. Ltd (JDHL), a £900k guarantee given by JDHL, a limited guarantee given by a company director and a charge on their personal property.

JDHL has provided a legal debenture to a supplier of Johal Dairies Limited (JDL).

16. Provisions

	Deferred tax (note 17) £
At 3rd October 2021	106,907
Decrease in provision	30,049
At 1st October 2022	<u>136,956</u>

17. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	1 Oct 22	2 Oct 21
	£	£
Included in provisions (note 16)	<u>136,956</u>	<u>106,907</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	1 Oct 22	2 Oct 21
	£	£
Accelerated capital allowances	<u>136,956</u>	<u>106,907</u>

Deferred tax has been charged at 25% due to the future changes in tax rates.

Johal Dairies Limited

Notes to the Financial Statements *(continued)*

Period Ended 1st October 2022

18. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £26,557 (2021: £21,519).

19. Called up share capital

Authorised share capital

	1 Oct 22		2 Oct 21	
	No.	£	No.	£
Ordinary shares of £1 each	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>

Issued, called up and fully paid

	1 Oct 22		2 Oct 21	
	No.	£	No.	£
Ordinary shares of £1 each	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>

20. Reserves

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

21. Operating leases

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

	1 Oct 22	2 Oct 21
	£	£
Not later than 1 year	<u>72,500</u>	<u>72,500</u>

22. Directors' advances, credits and guarantees

The directors loan account was not overdrawn during the current and previous year.

Johal Dairies Limited

Notes to the Financial Statements *(continued)*

Period Ended 1st October 2022

23. Related party transactions

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. The directors are the key management of the company.

During the current and previous period Johal Dairies Limited (JDL), a wholly owned subsidiary of Johal Dairies Holding Co Ltd (JDHL), occupied part of Chartwell Point, Wigston - a property owned by JDHL. Rent was charged to JDL by JDHL for occupying this property during the current period for £36,500 (2021 - £36,500).

During the period the directors charged rent of £36,000, (2021 - £36,000) to JDL for the business use of a property which is owned personally by the directors and their family members.

24. Controlling party

Johal Dairies Limited's (JDL) ultimate holding company at the balance sheet date was Johal Dairies Holding Co Limited (JDHL), a company incorporated in England & Wales. JDHL own 100% of the ordinary shares in JDL. Copies of the group financial statements can be obtained from the Companies House website.

25. Interim dividends

The directors proposed the following interim dividends in respect of the year ended 30th September 2023 on ordinary shares:

Date	Amount £
1 st March 2023	3,801,000

26. Accounting period

Due to the nature of business, business is conducted on a weekly basis. The accounts of Johal Dairies Ltd and other group companies have been prepared to 1st October 2022, last Saturday closest to the period end date. The comparative amounts presented in the financial statements are not entirely comparable due to varying period end dates.