

Company Registration No. 11730592 (England and Wales)

**ADES SALFORD M7 (UK) LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**



ADES SALFORD M7 (UK) LIMITED

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ADES SALFORD M7 (UK) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Michael Adedipe
Richy Elenbesunu Onolememen (resigned 21/02/2023)

COMPANY NUMBER

11730592

REGISTERED OFFICE

1 Eastmoor Street
London
England
SE7 8LX

BANKERS

HSBC
111 Eltham High Street
London
SE9 1TD

AUDITORS

Hammond & Co
Accountants and Statutory Auditors
256 Bermondsey Street
London
SE1 3UJ

SOLICITORS

Augustine Clement
1st Floor
83 Lewisham High Street
London
SE13 5JX

The directors present their report and the audited financial statements for the year ended 31 May 2023.

Principal activities

The principal activities of the company during the year under review were that of retailer of groceries, vegetables, fish and meat products.

Directors

The directors of the company who has served throughout the year are shown on page 1.

Statement of Directors' responsibilities

The directors are responsible for preparing the Director's Report and the Strategic Report and the financial statements in accordance with applicable law and regulations and in accordance with United Kingdom Generally Accepted Accounting Practice.

Company Law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (Financial Reporting Standard 102). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to auditors

The directors of the company who held office at the date of approval of this annual report confirm that:

- so far as the directors are aware, there is no relevant audit information needed by the company's auditor in connection with preparing their report, of which the company's auditor is unaware; and
- the directors have taken all the steps that ought to have taken as directors in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

ADES SALFORD M7 (UK) LIMITED

DIRECTOR'S REPORT

Dividends

The company has paid no dividends this year (2022: £nil) and no final dividend is proposed (2022: £nil)

Political and charitable donations

No charitable donation or political donation was made during the year.

Events after the end of the reporting period

There have been no significant events since the balance sheet date.

Strategic Report

The company has chosen in accordance with s.414C(11) Companies Act 2006 to set out the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of review of the business and future prospects.

Auditors

The auditor, Hammond & Co, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

On behalf of the Board



Michael Adedipe

Director

22 February 2024

The directors present their strategic report for the year ended 31 May 2023.

Review of the business

The results for the financial period and the financial position of the company are shown in the accompanying financial statements from page 6. The company has seen revenue of £1.89m, a 24% increase on 2022 (2022: £1.53m). The increase in revenue in the current period was primarily due to the increased sales volume arising from the store continuing to gain prominence in the Manchester area where it operates.

The company made a profit on ordinary activities before tax of £ 173k during the year under review (2022: loss £24k)

The cash position of the company increased by 73% to £72k due to its increased effort to reduce current liabilities and improve the balance sheet of the company.

Principal risks and uncertainties'

This is the second year of operation and the company has already gained a significant market share in the area. The company however faces a number of business risks and uncertainties due to the changing economic situation in the world and in the United Kingdom in particular. The risks and uncertainties facing the business are monitored through continuous assessment, regular formal reviews and discussions by the directors. The current key risks of the company include the ongoing impact of Covid-19, Inflation and rising energy prices and exposure to foreign economies

Covid-19 Pandemic

Impact

Covid -19 has not had a significant impact on the company's business and trading activities, however the business experienced supply chain disruptions and reduced customer footfalls in our retail stores. The extension to the end of lockdown restrictions in July 2021 continued this trend but the positive effect of the vaccines followed by the removal of restrictions have greatly improved the outlook.

Mitigation

The Group has taken action to hold an increased amount of goods for resale in our stores and warehouse, until all supply chain issues are fully resolved and things are back to normal.

Responsive action was taken to widen the supplier base and also strengthen relationships with current suppliers.

Exposure to foreign economies

Impact

The company sources its products from the UK and from all over the world. Sourcing for products, particularly from developing economies gives rise to foreign exchange risks in addition to the business risks associated with trading with developing economies. With the UK leaving the EU, there are sometimes stricter controls in terms of product statutory requirements.

Mitigation

Exposure to fluctuations in foreign currencies is mitigated by the director and management by careful planning and use of foreign currency bank accounts and hedging.

Future developments

The directors are satisfied with the growth in turnover and market share of the business in the areas where it operates. The directors anticipate the business environment will improve significantly and as it is well supported financially by the Group, will be able to take full advantage of the new opportunities.

Going Concern

The directors have assessed the going concern of the company and conclude that given the support provided by fellow subsidiary companies within the group and improved trading conditions of the company, it is appropriate to adopt the going concern basis for preparing the financial information and in preparing the financial statements. The financial statements therefore do not include any adjustments that would be required to be made if they were prepared on a basis other than going concern.

At 31 May 2023, the company had net assets of £62,407 (2022: net liabilities £90,266). The company has benefitted from the ongoing support of its ultimate parent company and fellow subsidiaries, who the director believes have the ability to provide sufficient support.

Financial instruments

The company finances its activities with a combination of intercompany funding and cash at bank. Other financial assets and liabilities arise directly from the company's operating activities.

The company has a normal level of exposure to price, credit, liquidity and cashflows risks arising from trading activities which are largely conducted in sterling.

The company seeks to operate within its agreed overdraft facility and import funding with the banks. The company has gained the confidence of its bankers due to its improved performance in the last financial year. This has resulted in the availability of more favourable funding facilities to the group and lower funding costs for the future.

Although most of the company's businesses are cash sales, credit control forms a very important part of its business in order to minimise cash flow and liquidity risk.

On behalf of the Board



Michael Adedipe

Director

22 February 2024

ADES SALFORD M7 (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADES SALFORD M7 (UK) LIMITED

FOR THE YEAR ENDED 31 MAY 2023

Opinion

We have audited the financial statements of Ades Salford M7 (UK) Limited for the year ended 31 May 2023 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements

- give a true and fair view of the state of the company's affairs as at 31 May 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

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

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 this report, we do not express any form of assurance conclusion thereon.

ADES SALFORD M7 (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADES SALFORD M7 (UK) LIMITED

FOR THE YEAR ENDED 31 MAY 2023

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially consistent 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by 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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 director's responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control the directors determine is necessary the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

ADES SALFORD M7 (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADES SALFORD M7 (UK) LIMITED FOR THE YEAR ENDED 31 MAY 2023

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- we identified the laws and regulations applicable to the company through discussions with the director and other management, and from our commercial knowledge and experience of the groceries sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or operations of the company, including Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental, food safety, and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were reviewed at each stage of the audit and we remained alert to instances non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant and unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including Health and safety Executive, and the company's legal advisors.

ADES SALFORD M7 (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADES SALFORD M7 (UK) LIMITED

FOR THE YEAR ENDED 31 MAY 2023

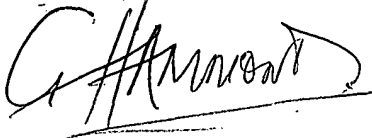
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of this 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 work, for this report or for the opinions we have formed.



Gladstone Hammond FCCA (Senior Statutory Auditor)
for and on behalf of Hammond & Co, Statutory Auditor
Chartered Certified Accountants
London, United Kingdom

22 February 2024

ADES SALFORD M7 (UK) LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2023**

	Notes	Year to 31 May 2023 £	Year to 31 May 2022 £
Turnover	3	1,893,646	1,530,967
Cost of sales		(1,317,667)	(1,096,159)
Gross profit		<u>575,979</u>	<u>434,808</u>
Other operating income	4		
Administrative expenses		(400,039)	(453,742)
Operating (loss)/profit	8	<u>175,940</u>	<u>(18,934)</u>
Other interest receivable and similar income	4	-	-
Interest payable and similar charges	5	(2,887)	(5,521)
Loss on ordinary activities before taxation		<u>173,053</u>	<u>(24,455)</u>
Tax on loss on ordinary activities	6	(20,380)	7,148
Profit on ordinary activities after taxation		<u><u>152,673</u></u>	<u><u>(17,307)</u></u>

Other than as noted above, all results derive from continuing operations

There are no recognised gains and losses for the current financial year and preceding financial period other than the results shown above

There are no material differences between the profit on ordinary activities before taxation and retained profit for the year and their historical costs equivalents

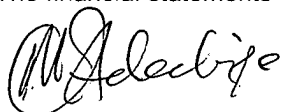
The notes on pages 14 - 23 form part of these financial statements.

ADES SALFORD M7 (UK) LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2023**

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10		96,390		131,422
			<u>96,390</u>		<u>131,422</u>
Current Assets					
Stocks	11	81,705		76,682	
Debtors	12	269,021		17,377	
Cash at bank and in hand		72,037		41,552	
		<u>422,763</u>		<u>135,611</u>	
Creditors: amounts falling due within one year	13	(456,746)		(357,299)	
Net current assets			<u>(33,983)</u>		<u>(221,688)</u>
Total assets less current liabilities			62,407		(90,266)
Creditors: amounts falling due after more than one year			-		-
Net assets			<u>62,407</u>		<u>(90,266)</u>
Capital and reserves					
Called up share capital	14		100		100
Profit and loss account	15		62,307		(90,366)
Shareholders' funds - equity interests			<u>62,407</u>		<u>(90,266)</u>

The financial statements were approved by the board on 22 February 2024



Michael Adedipe
Director

The notes on pages 14 - 23 form part of these financial statements.

ADES SALFORD M7 (UK) LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2023**

	Share Capital	Share Premium	Other Reserves	Profit and Loss account	Total
	£	£	£	£	£
At 1 June 2021	100			(73,059)	(72,959)
Profit for the year and total comprehensive income				(17,307)	(17,307)
Dividends				-	-
At 31 May 2022 and 1 June 2022	100	-	-	(90,366)	(90,266)
Profit for the year and total comprehensive income				152,673	152,673
Dividends				-	-
At 31 May 2023	100	-	-	62,307	62,407

ADES SALFORD M7 (UK) LIMITED
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MAY 2023

	Notes	2023	2022
		£	£
Loss on ordinary activities before tax	17	173,053	(24,455)
Adjustments for:			
Depreciation and amortisation		37,290	51,510
(Profit) / Loss on disposal of fixed assets		-	-
Foreign exchange movements		-	-
		<u>210,343</u>	<u>27,055</u>
Movements in working capital			
(Increase) / decrease in stock		(5,023)	8,798
(Increase) / decrease in debtors		(244,496)	(1,898)
(Increase) / decrease in creditors		99,447	(41,718)
		<u>60,271</u>	<u>(7,763)</u>
Interest paid		(2,887)	(5,521)
Interest received		-	-
Interest element of finance lease payments		-	-
Group relief		(20,380)	-
Cash generated by operating activities		<u>37,004</u>	<u>(13,284)</u>
Cash flows from the investing activities			
Payments to acquire tangible fixed assets		(2,258)	(3,000)
Proceeds from sale of fixed assets		-	-
Cash generated by investing activities		<u>(2,258)</u>	<u>(3,000)</u>
Cash flows from financing activities			
Dividends paid		-	-
Proceeds from bank and other borrowings		-	-
Repayments of borrowings		(4,261)	5,521
Capital element of finance lease rental payments		-	-
Cash generated by financing activities		<u>(4,261)</u>	<u>5,521</u>
Net increase / (decrease) in cash and cash equivalents		30,485	(10,763)
Cash and cash equivalents at the beginning of the year		41,552	52,315
Cash and cash equivalents at the end of the year		<u>72,037</u>	<u>41,552</u>
Cash and cash equivalents comprise of:			
Cash at bank and in hand		72,037	41,552
Bank overdrafts		-	-
		<u>72,037</u>	<u>41,552</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

1 Summary of Significant Accounting policies

1.1 Statement of compliance

These financial statements have been prepared in compliance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

1.2 Basis of preparation and general information

The financial statements have been prepared on the going concern basis and under historical cost convention as modified by the revaluation of land buildings and certain financial instruments measured at fair value in accordance with the accounting policies set out below.

Ades Salford M7 (UK) limited, a company limited by shares, is a limited company incorporated in England and Wales and has a registered office at 1 Eastmoor Street, Charlton, London, SE7 8LX and a principal place of business at 320 Great Cheetham St East, Salford, Manchester M7 4UJ

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

1.3 Going concern

The director has carefully considered the impact of Covid-19 on the company's financial position, liquidity and future performance. As set out in the strategic report, the company has continued to trade strongly throughout the Covid-19 pandemic and the directors believe that the the growth in sales and profitability of the business will continue. The director is therefore confident that the company is well placed to manage its business risks successfully and there are adequate resources to continue in operational existence for the foreseeable future. Thus the financial statements continue to be prepared on a going concern basis.

1.4 Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax. When consideration receivable in cash or cash equivalents is deferred, and the arrangement in effect constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts determined using an imputed rate of interest, normally the rate that discounts the nominal amount of consideration to the cash sales price.

The company recognises revenue when the amount of revenue can be measured reliably, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the company's activities. Turnover from goods is recognised when the goods are delivered and title has passed.

1.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.6 Interest bearing borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the statement of comprehensive income over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

1.7 Tangible fixed assets and depreciation

Land and buildings held and used in the company's own activities for production, retail and supply of goods or for administrative purposes are stated in the statement of financial position at their revalued amounts. The revalued amounts equate to the fair value at the date of revaluation, less any depreciation or impairment losses subsequently accumulated. Revaluations are carried out regularly so that the carrying amounts do not materially differ from using the fair value at the date of the statement of financial position.

Any revaluation increase or decrease on land and buildings is credited to the property revaluation reserve in 'other reserves'.

Depreciation on revalued buildings is charged to the profit or loss so as to write off their value, less residual value, over their estimated useful life using the reducing balance method.

Once a revalued property is sold or retired any attributable revaluation surplus that is remaining in the property revaluation reserve is transferred to retained earnings. No transfer is made from the revaluation reserve to retained earnings unless an asset is derecognised.

Other tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	33% reducing balance
Fixtures, fittings and equipment	25% reducing balance
Plant and machinery	25% reducing balance
Computer equipment	25% reducing balance

Assets held under finance leases are depreciated in the same manner as owned assets.

At the balance sheet date, the company reviews the carrying amounts of its property and other tangible assets to determine whether there is any indication that any items of property, plant and equipment have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first in first out basis and includes all direct expenditure. Net realisable value is based on the estimated selling price less any estimated completion or selling costs.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

When stocks are sold, the carrying amount of those stocks is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of stocks to net realisable value and all losses of stock are recognised as an expense in the period in which the write-down occurs. The amount of any reversal of any write-down of stocks is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Trade and other debtors

Trade and other debtors that are receivable within one year and do not constitute a financing transaction are recorded at the undiscounted amount expected to be received (usually the invoice price), net of impairment.

Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

1.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings or current liabilities.

1.11 Impairment of financial assets

Financial assets, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:
significant financial difficulty of the issuer or counterparty; or
breach of contract, such as default or delinquency in interest or principal payments; or
it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national and local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated cashflows, discounted at the financial asset's original effective interest rate. The impairment loss is recognised in the profit and loss.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated cashflows, discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
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For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.12 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.

1.13 Related parties

For the purposes of these financial statements, a party is considered to be related to the company if:

- (i) the party has the ability, directly or indirectly, through one or more intermediaries, to control the company or exercise significant influence over the the company in making financial or operating policy decisions, or has joint control over the company;
- (ii) the company and the party are subject to common control;
- (iii) the party is an associate of the company or a joint venture in which the company is a venturer;
- (iv) the party is a member of key management personnel of the company or the company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals;
- (vi) the party is a post employment benefit plan which is for the benefit of employees of the company or of any entity that is a related party of the company; or
- (vii) the party, or any member of a group of which it is part, provides key management personnel services to the company or its parent.

Close family members of an individual are those family members who may be expected to influence or be influenced by, that individual in their dealings with the entity.

1.14 Leasing and hire purchase agreements

Assets held under finance leases, which are those where substantially all the risks and rewards of ownership have passed to the company, and hire purchase contracts are initially recognised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Minimum lease payments are apportioned between finance charge and reduction in the lease obligation using the effective interest rate method. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leased assets are depreciated in accordance with the company's policy for tangible fixed assets. If there is no reasonable certainty that ownership will be obtained at the end of the lease term, the asset is depreciated over the lower of the lease term and its useful life.

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

1.15 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from profit reported in the statement of comprehensive income because of the items of income and expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax is recognised on timing differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible timing differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

1.16 Provisions

Provisions (i.e. liabilities of uncertain timing and amount) are recognised when the company has a present legal or constructive obligation at the reporting date arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.17 Foreign currency translation

The financial statements are presented in Sterling, which is also the functional currency of the company.

Transactions in currencies, other than the functional currency of the company, are recorded at the rate of exchange on the date the transaction occurred. Monetary items denominated in other currencies are translated at the rate prevailing at the end of the reporting period. All differences are taken to the statement of comprehensive income. Non-monetary items that are measured at historic cost in a foreign currency are not retranslated.

1.18 Employee benefits

Short-term employee benefits are recognised as an expense in the period in which they are incurred.

Contributions in respect of the company's defined contribution pension scheme are charged to the statement of comprehensive income for the year in which they are payable to the scheme. The company's liability is limited to the amount of the contribution. The assets of the scheme are held separately from those of the company in an independently administered fund.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

3 Turnover

Turnover is based on the invoiced value of all goods sold prior to the year end, excluding VAT and other sales based taxes and net of trade discounts. The turnover and pre tax profit, all of which arises in the United Kingdom, is attributable to the principal activity of the company.

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

	2023 £	2022 £
Wholesale		
Retail	1,893,646	1,530,967
Other sales	-	-
	<u>1,893,646</u>	<u>1,530,967</u>

4 Other operating income

	2023 £	2022 £
Bank deposit account	-	-
Other - Government grants and support	-	-
	<u>-</u>	<u>-</u>

5 Interest payable and similar charges

	2023 £	2022 £
On bank loans and other finance	2,887	5,521
	<u>2,887</u>	<u>5,521</u>

6 Tax on profit on ordinary activities

	2023 £	2022 £
Current tax:		
UK Corporation tax charge / (credit) on profit of the period	23,789	-
Adjustments in respect of previous periods	-	-
Total current tax	<u>23,789</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences (ACAs and other)	(3,409)	(2,166)
Impact of tax rate changes	-	-
Under / (over) provision in respect of prior periods	-	(4,982)
Tax charge / (credit)	<u>20,380</u>	<u>(7,148)</u>

ADES SALFORD M7 (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2023

The actual tax charge differs from the expected tax charge computed by applying the blended rate of UK corporation tax of 20% (2022: standard rate of 19%) as follows:

	2023 £	2022 £
Expected tax charge	34,611	(4,646)
Unrecognised timing differences	(11,802)	2,313
Other non deductible items	57	167
Non taxable items	-	-
Increase / decrease in deferred tax following the change in rate of UK Corporation tax	(2,486)	-
Adjustments in respect of prior periods	-	(4,982)
Actual tax charge for the year	<u>20,380</u>	<u>(7,148)</u>

7 Deferred Taxation

Net deferred tax asset comprises:

	Capital allowances £	Other £	Total £
At 1 June 2021	-	-	-
Credit / charge to the profit and loss account	(7,148)	-	(7,148)
At 31 May 2022	<u>(7,148)</u>	<u>-</u>	<u>(7,148)</u>
(Credit) / charge to the profit and loss account	(3,409)	-	(3,409)
At 31 May 2023	<u>(10,557)</u>	<u>-</u>	<u>(10,557)</u>

8 Operating profit / (loss)

Operating loss is stated after charging:

	2023 £	2022 £
Depreciation of tangible assets -owned assets	37,290	51,510
Rentals under operating leases - land & buildings	53,000	49,700
Auditors remuneration - audit	1,500	1,500
Auditors remuneration - non audit	1,000	1,000

9 Information regarding directors and employees

	2023 £	2022 £
Staff costs during the year (including directors)		
Wages and salaries	211,695	256,994
Social security costs	17,432	19,546
Pension costs	3,579	4,629
	<u>232,706</u>	<u>281,169</u>

ADES SALFORD M7 (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

The director was not remunerated by the Company and did not participate in the Company's defined contribution scheme in the current or prior period.

	2023 Number	2022 Number
Average number of persons employed		
Managerial and administration	1	1
Sales, warehouse	6	7
	<u>7</u>	<u>8</u>

10 Tangible fixed assets

	Freehold Property £	Leasehold Improvements £	Plant & machinery £	Fixtures & fittings £	Computer Equipment £	Total £
Cost						
At 1 June 2022	-	107,777	127,687	11,168	7,773	254,405
Additions				2,258	-	2,258
Disposals						-
At 31 May 2023	<u>-</u>	<u>107,777</u>	<u>127,687</u>	<u>13,426</u>	<u>7,773</u>	<u>256,663</u>
Amortisation						
At 1 June 2022		59,396	55,300	4,886	3,401	122,983
Disposals						-
Charge for the year	-	15,966	18,096	2,135	1,093	37,290
At 31 May 2023	<u>-</u>	<u>75,362</u>	<u>73,396</u>	<u>7,021</u>	<u>4,494</u>	<u>160,273</u>
Net book value						
At 31 May 2023	<u>-</u>	<u>32,415</u>	<u>54,291</u>	<u>6,405</u>	<u>3,279</u>	<u>96,390</u>
At 31 May 2022	<u>-</u>	<u>48,381</u>	<u>72,387</u>	<u>6,282</u>	<u>4,372</u>	<u>131,422</u>

11 Stocks

	2023 £	2022 £
Goods for resale	81,705	76,682

ADES SALFORD M7 (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

12 Debtors	2023	2022
	£	£
Trade debtors	1,876	2,016
Amounts due from fellow group undertakings	238,926	-
Deferred tax	10,557	7,148
Prepayments and accrued income	17,662	8,213
	<u>269,021</u>	<u>17,377</u>
13 Creditors: amounts falling due within one year	2023	2022
	£	£
Trade creditors	6,045	77,101
VAT Payable	885	3,132
Amounts owed to fellow group undertakings	414,099	155,138
Corporation tax charge	23,789	-
Directors' current accounts	-	110,000
Other creditors and accruals	11,928	11,928
	<u>456,746</u>	<u>357,299</u>
14 Share Capital	2023	2022
	£	£
Called up, issued and fully paid ordinary shares of £1 each		
At 1 June 2022	100	100
Shares issued in the year	-	-
At 31 May 2023	<u>100</u>	<u>100</u>
15 Statement of movements on profit and loss account		Profit and loss account
		£
Balance at 1 June 2022		(90,366)
Retained profit for the year		152,673
Dividends		-
Balance at 31 May 2023		<u>62,307</u>
16 Reconciliation of movements in shareholders' funds		£
Profit for the year		152,673
New share issued		-
Dividends		-
Net addition to shareholders' funds		<u>152,673</u>
Opening shareholders' funds		<u>(90,266)</u>
Closing shareholders' funds		<u>62,407</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

19 Employer Pension Scheme

The company is operating a defined contribution scheme for its employees and director. During the year the company contributed £3,579 (2022: £4,629).

20 Operating lease commitments

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

	2023	2022
	£	£
Within one year	53,000	48,000
After one year but within five years	212,000	192,000
	<u>265,000</u>	<u>240,000</u>

21 Related party transactions

The Company is a wholly owned member of Ades Holdings Limited and as such has taken advantage of the exemption permitted by Section 33 Related Party Disclosures, not to provide disclosures of transactions entered into with other wholly owned members of the Group.

23 Control

The ultimate controlling party is Mr Michael Adedipe, who is the sole director and shareholder of the 100% holding company, Ades Holdings Limited.