

Company Registration No. 02707869 (England and Wales)

KHANJRA INTERNATIONAL FOODS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

PM+M Solutions for Business LLP
Chartered Accountants
New Century House
Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB

KHANJRA INTERNATIONAL FOODS LIMITED

COMPANY INFORMATION

Directors	Y A Patel Y Khanjra
Secretary	Y Patel
Company number	02707869
Registered office	Spices House Greenbank Business Park Blakewater Road Blackburn Lancashire BB1 3HU
Auditor	PM+M Solutions for Business LLP New Century House Greenbank Technology Park Challenge Way Blackburn Lancashire BB1 5QB

KHANJRA INTERNATIONAL FOODS LIMITED

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KHANJRA INTERNATIONAL FOODS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

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

Review of the business

The company operates a cash and carry and wholesale food and grocery distribution business, supplying retail outlets and the restaurant and takeaway market. Since incorporation in April 1992, the company has expanded its product range to widen its customer base in a competitive market.

Khanjra International Foods Limited achieved a robust financial performance in 2023, with a 5% increase in revenue compared to the previous year. This is strong growth considering the industry wide fall in cigarette demand and has been driven by the expanded product range. Gross profit for the company amounted to £6,970k compared to £5,388k, which is an increase of 29.4%. This increase is attributable to the increase in revenue and robust cost management techniques for food goods.

The company had a net assets position of £19,724k compared to £17,028k in the prior year, which is an increase of £2,696k (15.8%).

The company continues to invest extensively to provide a strong financial foundation for future growth.

Principal risks and uncertainties

The directors believe risk management to be an important part of furthering the company's goals and solidity in the marketplace. They aim to identify and address risks that are associated with the company through a number of methods to limit the potential impact.

The principal risk to the business is the competitiveness of the market the company operates in. However, the directors consider the company to be in a strong position within the market. The directors believe that the wide range of products available to customers will enable them to benefit from current business trends.

Disruption to the supply chain is a key risk to the business as this would impact the availability of the wide range of products on offer to customers, the directors and management have built established relationships with a number of important suppliers. The company is in constant communication with suppliers to ensure they can react as quickly as possible to any unexpected changes.

Key performance indicators

The key measures used by directors to monitor the performance of the business are highlighted in the "review of the business" paragraph above. Regular discussions between directors and management ensure that effective monitoring of business performance takes place.

Future Developments

Directors and management have a clear vision to enhance shareholders value. Post year end the company has opened a brand-new DIY & catering stores to the public which expands the offering to the customer base. This will allow the company to spread risk further by diverging into different avenues of revenue.

In addition, there is currently significant investment to construct a new cash and carry site in the Northwest. Given the vast experience of management on how to operate a successful business, this will hopefully grow the company and increase revenue

KHANJRA INTERNATIONAL FOODS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Corporate Governance

The board comprises experienced professionals with diverse backgrounds in finance, operations, and marketing. The board is responsible for setting the strategic direction of the company and overseeing its implementation.

Khanjra International Foods Limited adheres to high standards of corporate governance, ensuring transparency, accountability, and ethical conduct. The company complies with all relevant regulations and best practices in corporate governance.

Corporate Social Responsibility (CSR)

The company is committed to giving back to the community through various CSR initiatives, including food donation programs and support for local charities.

We are dedicated to reducing our environmental impact by implementing sustainable practices such as reducing food waste, using eco-friendly packaging, and optimising our supply chain to minimise carbon emissions.

Conclusion

Khanjra International Foods Limited has demonstrated strong performance in 2023, driven by strategic initiatives and effective risk management. The company is well-positioned for future growth, with a clear strategy and robust financial health.

Looking ahead, we remain optimistic about the future and are committed to achieving our strategic objectives. We will continue to focus on expanding our market presence, enhancing our product offerings, and maintaining high standards of customer service.

KHANJRA INTERNATIONAL FOODS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Section 172 statement

The directors have a responsibility under S172 of the Companies Act 2006 to act in a way that promotes the company's success for the benefit of the members as a whole, and to have regard to the long-term effects of decisions on the company and its stakeholders. The following statement outlines the ways in which these responsibilities are handled:

The company is privately held and provides employment, training and financial reward to the owners and employees.

The aim is to maintain the company's market position in a very competitive sector and to grow market share and profits by offering a comprehensive range of products and good customer service and experience. This will return maximum value to stakeholders.

Strategic decisions are based on medium and long-term objectives. We aim to develop our relationships with a range of key suppliers to broaden our product range and provide a competitive edge in the market.

Key stakeholders, and the ways in which we engage with them, are as follows:

Employees

We rely on a loyal and dedicated workforce and recruitment & retention of staff is critical to the business. We help engagement with our team by:

- setting remuneration at market rates and rewarding performance ;
- providing excellent working conditions, coupled with career development opportunities

Customers and suppliers

We invest in the infrastructure of the business to provide an excellent customer experience so that we can continue to offer a wide range of products in one location. Our customers value our wide product ranges and value for money offerings and we have a built up an excellent partnership arrangement with a range of key suppliers. We believe we have a reputation for fair dealings in our interaction with both customers and suppliers alike.

Community

We are a privately held business with traditional roots in the local community and are proud to actively support local causes and charities throughout the year.

Environment

We are keen to reduce our carbon footprint through energy usage initiatives. We dispose of all waste responsibly.

On behalf of the board

Y Khanjra
Director

21 September 2024

KHANJRA INTERNATIONAL FOODS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their annual report and financial statements for the year ended 31 December 2023.

Principal activities

The principal activity of the company continued to be that of a cash and carry and wholesale food and grocery distribution business.

Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Y A Patel

Y Khanjra

Financial instruments

The company finances its operations through retained profits. The management's objectives are to retain sufficient liquid funds to enable the company to meet its day to day obligations as they fall due.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Auditor

The auditor, PM+M Solutions for Business LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon report

	2023	2022
<i>Energy consumption</i>	kWh	kWh
Aggregate of energy consumption in the year	1,506,116	1,339,667
	metric tonnes	metric tonnes
<i>Emissions of CO2 equivalent</i>		
Scope 1 - direct emissions		
- Gas combustion	45.25	37.89
- Fuel consumed for owned transport	85.05	85.10
	130.30	122.99
Scope 2 - indirect emissions		
- Electricity purchased	261.23	218.60
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the company	-	-
Total gross emissions	391.53	341.59
<i>Intensity ratio</i>		
Tonnes CO2 used per £1m of turnover generated	7.39	6.77

KHANJRA INTERNATIONAL FOODS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2023 UK Government's Conversion Factors for Company Reporting.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Y Khanjra
Director

26 September 2024

KHANJRA INTERNATIONAL FOODS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KHANJRA INTERNATIONAL FOODS LIMITED

Opinion

We have audited the financial statements of Khanjra International Foods Limited (the 'company') for the year ended 31 December 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 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 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.

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 contained within the annual report. 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. 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 course of 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 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 our audit:

- the information given in the strategic report and the directors' report for the financial year 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.

KHANJRA INTERNATIONAL FOODS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KHANJRA INTERNATIONAL FOODS LIMITED (CONTINUED)

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

KHANJRA INTERNATIONAL FOODS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KHANJRA INTERNATIONAL FOODS LIMITED (CONTINUED)

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we have considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- the matters discussed among the audit engagement team and relevant specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud;
- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: timing of recognition of commercial income, posting of unusual journals and complex transactions. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included UK Companies Act, employment law, health and safety regulations, pensions legislation and tax legislation.

Audit response to risks identified

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the identified risks of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve: collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

KHANJRA INTERNATIONAL FOODS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KHANJRA INTERNATIONAL FOODS LIMITED (CONTINUED)

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.

Christopher Johnson FCA
Senior Statutory Auditor
For and on behalf of PM+M Solutions for Business LLP

27 September 2024

Chartered Accountants
Statutory Auditor

New Century House
Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB

KHANJRA INTERNATIONAL FOODS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £	2022 £
Turnover	3	52,964,660	50,429,360
Cost of sales		<u>(45,994,627)</u>	<u>(45,041,142)</u>
Gross profit		6,970,033	5,388,218
Administrative expenses		<u>(3,384,689)</u>	<u>(3,237,325)</u>
Other operating income		<u>289,469</u>	<u>12,361</u>
Operating profit	4	3,874,813	2,163,254
Preference share dividends	8	<u>(200,000)</u>	<u>(200,000)</u>
Profit before taxation		3,674,813	1,963,254
Tax on profit	9	<u>(979,520)</u>	<u>(351,265)</u>
Profit for the financial year		<u>2,695,293</u>	<u>1,611,989</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

KHANJRA INTERNATIONAL FOODS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2023

	Notes	2023		2022	
		£	£	£	£
Fixed assets					
Tangible assets	11	10,398,487		8,842,761	
Investment property	12	2,287,668		2,287,671	
		<u>12,686,155</u>		<u>11,130,432</u>	
Current assets					
Stocks	13	6,723,995		6,706,084	
Debtors	14	1,945,393		1,869,825	
Cash at bank and in hand		7,827,747		6,923,187	
		<u>16,497,135</u>		<u>15,499,096</u>	
Creditors: amounts falling due within one year	15	<u>(7,105,685)</u>		<u>(7,124,539)</u>	
Net current assets		<u>9,391,450</u>		<u>8,374,557</u>	
Total assets less current liabilities		<u>22,077,605</u>		<u>19,504,989</u>	
Creditors: amounts falling due after more than one year	16	<u>(2,000,000)</u>		<u>(2,297,534)</u>	
Provisions for liabilities					
Deferred tax liability	17	353,617		178,760	
		<u>(353,617)</u>		<u>(178,760)</u>	
Net assets		<u>19,723,988</u>		<u>17,028,695</u>	
Capital and reserves					
Called up share capital	19		2		2
Investment property reserve	20		80,250		80,250
Profit and loss reserves	21		19,643,736		16,948,443
Total equity			<u>19,723,988</u>		<u>17,028,695</u>

The financial statements were approved by the board of directors and authorised for issue on 26 September 2024 and are signed on its behalf by:

Y Khanjra
Director

Company registration number 02707869 (England and Wales)

KHANJRA INTERNATIONAL FOODS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Revaluation reserve	Profit and loss reserves	Total
Notes	£	£	£	£
Balance at 1 January 2022	2	80,250	15,436,454	15,516,706
Year ended 31 December 2022:				
Profit and total comprehensive income	-	-	1,611,989	1,611,989
Dividends	10	-	(100,000)	(100,000)
Balance at 31 December 2022	2	80,250	16,948,443	17,028,695
Year ended 31 December 2023:				
Profit and total comprehensive income	-	-	2,695,293	2,695,293
Balance at 31 December 2023	2	80,250	19,643,736	19,723,988

KHANJRA INTERNATIONAL FOODS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

		2023		2022	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	26	3,410,511		2,232,560	
Income taxes paid		(438,808)		(628,000)	
Net cash inflow from operating activities		2,971,703		1,604,560	
Investing activities					
Purchase of tangible fixed assets		(1,867,143)		(1,275,695)	
Purchase of investment property		-		(207,921)	
Net cash used in investing activities		(1,867,143)		(1,483,616)	
Financing activities					
Dividends paid		(200,000)		(200,000)	
Net cash used in financing activities		(200,000)		(200,000)	
Net increase/(decrease) in cash and cash equivalents		904,560		(79,056)	
Cash and cash equivalents at beginning of year		6,923,187		7,002,243	
Cash and cash equivalents at end of year		7,827,747		6,923,187	

KHANJRA INTERNATIONAL FOODS LIMITED

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

1 Accounting policies

Company information

Khanjra International Foods Limited is a private company limited by shares incorporated in England and Wales. The registered office is Spices House, Greenbank Business Park, Blakewater Road, Blackburn, Lancashire, BB1 3HU.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include investment properties at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% Straight Line
Leasehold land and buildings	2% Straight Line
Fixtures and fittings	15% Reducing Balance
Motor vehicles	25% Straight Line

Freehold and leasehold land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

KHANJRA INTERNATIONAL FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies (Continued)

1.5 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss. Such gains are non-distributable and are credited to a separate reserve.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the 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 an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are measured at transaction price.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

KHANJRA INTERNATIONAL FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies (Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, are recognised at transaction price.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

KHANJRA INTERNATIONAL FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies (Continued)

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The main areas of judgement that have a risk of causing material adjustment to the carrying amounts of assets and liabilities, within the next financial year, are in relation to stock and debtor provisions and the useful economic life of the company's fixed assets, together with the valuation of the company's investment properties.

Stock provision

The directors have provided against old, obsolete and perishable items and the judgement is made as to the shelf life and realisable value of products sold based on supplier information and previous trading experiences of management.

Trade debtor provisions

Provision is made against older debts and amounts where a doubt as to recoverability exists. A judgement is made based on age and previous trading history of each specific customer.

Fixed asset useful lives

Depreciation is provided based on the expected useful life of assets. Judgement is made based on the nature of the asset, previous profits or losses on disposal and generally accepted normal rates for similar assets across UK companies.

Value of investment properties

The directors are satisfied the carrying value of investment properties are materially correct using an open market value basis by reference to market evidence of transaction prices for similar properties.

KHANJRA INTERNATIONAL FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

2 Judgements and key sources of estimation uncertainty (Continued)

3 Turnover and other revenue

	2023	2022
	£	£
Turnover analysed by geographical market		
United Kingdom	52,641,240	49,928,468
Europe	181,651	198,941
Rest of the world	141,769	301,951
	<u>52,964,660</u>	<u>50,429,360</u>
	2023	2022
	£	£
Other revenue		
Grants received	247,500	-
	<u>247,500</u>	<u>-</u>

All turnover arose from the provision of the principal activity of the company.

4 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(52,965)	53,053
Government grants	(247,500)	-
Depreciation of owned tangible fixed assets	310,587	285,652
Loss on disposal of tangible fixed assets	830	31,788
Operating lease charges	61,711	52,203
	<u>61,711</u>	<u>52,203</u>

5 Auditor's remuneration

	2023	2022
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	25,500	24,300
For other services		
Taxation compliance services	1,700	1,500
Other taxation services	-	19,520
All other non-audit services	5,136	4,985
	<u>6,836</u>	<u>26,005</u>

KHANJRA INTERNATIONAL FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2023 Number	2022 Number
Management	2	2
Warehouse and delivery	76	62
Administration	39	30
Total	<u>117</u>	<u>94</u>

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	2,490,617	2,184,426
Social security costs	206,048	179,657
Pension costs	52,579	48,005
	<u>2,749,244</u>	<u>2,412,088</u>

7 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	24,500	16,000
Company pension contributions to defined contribution schemes	368	-
	<u>24,868</u>	<u>16,000</u>

8 Dividends payable and similar expenses

	2023 £	2022 £
Dividends on financial liabilities measured at amortised cost:		
Dividends on redeemable preference shares not classified as equity	200,000	200,000
	<u>200,000</u>	<u>200,000</u>

9 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	804,663	371,881
Adjustments in respect of prior periods	-	(77,432)
Total current tax	<u>804,663</u>	<u>294,449</u>

KHANJRA INTERNATIONAL FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

9	Taxation	(Continued)	
		2023	2022
		£	£
	Deferred tax		
	Origination and reversal of timing differences	174,857	56,816
		<u> </u>	<u> </u>
	Total tax charge	979,520	351,265
		<u> </u>	<u> </u>

From the 1 April 2023 the Corporation Tax rate changed to 25%. During the period the effective tax rate was 23.52%.

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023	2022
	£	£
Profit before taxation	3,674,813	1,963,254
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 23.52% (2022: 19.00%)	864,316	373,018
Tax effect of expenses that are not deductible in determining taxable profit	62,487	49,667
Tax effect of income not taxable in determining taxable profit	(19,775)	(13,424)
Adjustments in respect of prior years	-	(77,432)
Fixed asset timing differences	72,033	26,148
Land remediation deduction	(9,888)	(6,712)
Remeasurement of deferred tax for change in tax rates	10,347	-
	<u> </u>	<u> </u>
Taxation charge for the year	979,520	351,265
	<u> </u>	<u> </u>
10	Dividends	
	2023	2022
	£	£
Interim paid	-	100,000
	<u> </u>	<u> </u>

KHANJRA INTERNATIONAL FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

11 Tangible fixed assets

	Freehold land and buildings	Leasehold land and buildings	Assets under construction	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2023	7,946,907	564,967	349,037	2,171,217	197,459	11,229,587
Additions	154,800	-	1,417,108	295,235	-	1,867,143
Disposals	-	-	-	(4,860)	-	(4,860)
At 31 December 2023	<u>8,101,707</u>	<u>564,967</u>	<u>1,766,145</u>	<u>2,461,592</u>	<u>197,459</u>	<u>13,091,870</u>
Depreciation and impairment						
At 1 January 2023	861,657	-	-	1,346,589	178,580	2,386,826
Depreciation charged in the year	153,984	3,766	-	142,176	10,661	310,587
Eliminated in respect of disposals	-	-	-	(4,030)	-	(4,030)
At 31 December 2023	<u>1,015,641</u>	<u>3,766</u>	<u>-</u>	<u>1,484,735</u>	<u>189,241</u>	<u>2,693,383</u>
Carrying amount						
At 31 December 2023	<u>7,086,066</u>	<u>561,201</u>	<u>1,766,145</u>	<u>976,857</u>	<u>8,218</u>	<u>10,398,487</u>
At 31 December 2022	<u>7,085,250</u>	<u>564,967</u>	<u>349,037</u>	<u>824,628</u>	<u>18,879</u>	<u>8,842,761</u>

The carrying value of land and buildings comprises:

	2023 £	2022 £
Freehold	7,086,066	7,085,250
Long leasehold	561,201	564,967
	<u>7,647,267</u>	<u>7,650,217</u>

12 Investment property

	2023 £
Fair value	
At 1 January 2023 and 31 December 2023	<u>2,287,668</u>

Investment property comprises a mixture of residential and non-trading properties. The fair value of the investment property has been arrived at on the basis of a valuation carried out at the year end by the directors. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

KHANJRA INTERNATIONAL FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

12 Investment property (Continued)

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2023 £	2022 £
Cost	2,180,671	2,171,871
Accumulated depreciation	(187,524)	(147,956)
Carrying amount	<u>1,993,147</u>	<u>2,023,915</u>

13 Stocks

	2023 £	2022 £
Finished goods and goods for resale	<u>6,723,995</u>	<u>6,706,084</u>

The value of stock is stated net of impairment provision. At 31 December 2023 the total impairment was £1,215,571 (2022 - 1,491,475)

14 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	948,272	807,911
Other debtors	366,409	649,144
Prepayments and accrued income	630,712	412,770
	<u>1,945,393</u>	<u>1,869,825</u>

15 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	4,727,585	5,461,178
Corporation tax	572,303	206,448
Other taxation and social security	327,461	37,407
Other creditors	1,093,272	974,721
Accruals and deferred income	385,064	444,785
	<u>7,105,685</u>	<u>7,124,539</u>

KHANJRA INTERNATIONAL FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

16 Creditors: amounts falling due after more than one year

	Notes	2023 £	2022 £
Other borrowings		2,000,000	2,000,000
Preference dividends payable		-	297,534
		<u>2,000,000</u>	<u>2,297,534</u>

See note 19 for details of the rights and terms attaching to the preference shares.

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2023 £	Liabilities 2022 £
Balances:		
Accelerated capital allowances	326,876	152,978
Investment property	26,750	26,750
Short term timing differences	(9)	(968)
	<u>353,617</u>	<u>178,760</u>
Movements in the year:		2023 £
Liability at 1 January 2023		178,760
Charge to profit or loss		174,857
Liability at 31 December 2023		<u>353,617</u>

There is unlikely to be any significant reversal of the deferred tax provision in the forthcoming 12 months.

18 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	52,579	48,005
	<u>52,579</u>	<u>48,005</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions totalling £36 (2022: £7,537) were payable to the fund at the balance sheet date.

KHANJRA INTERNATIONAL FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

19 Share capital

	2023	2022	2023	2022
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	2	2	2	2
	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Preference share capital Issued and fully paid				
Preference shares of £1 each	2,000,000	2,000,000	2,000,000	2,000,000
	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Preference shares classified as liabilities			<u>2,000,000</u>	<u>2,000,000</u>

The ordinary shares carry full voting rights.

On 7 July 2021 there was an allotment of 2,000,000 preference shares with a nominal value of £1 each.

All the allotted preference shares carried the same rights in which the holders were entitled to a variable cumulative preferential dividend. This dividend is equal to £0.10 per annum on the subscription price for each preference share held provided the company's profits after tax for the relevant accounting periods were above £1,000,000. If profits fall below this level then the cumulative preferential dividend is calculated on a pro rata basis.

The preference dividend is subject to a maximum aggregate payment of £200,000 per annum and shall accrue on a daily basis from and including the date of issue of the preference shares.

The company may at any time redeem any or all of the preference shares in instalments of not less than 1,000 preference shares.

The shares carry no voting rights.

20 Investment property reserve

The investment property reserve represents cumulative unrealised profits on investment properties and is displayed net of deferred taxation. This amounts to £80,250 (2022 - £80,250)

21 Profit and loss reserves

The profit and loss account represents cumulative realised profits and amounts to £19,643,736 (2022 - £16,948,443).

KHANJRA INTERNATIONAL FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

22 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023 £	2022 £
Within one year	38,778	38,862
Between two and five years	39,736	40,261
	<u>78,514</u>	<u>79,123</u>

23 Directors' transactions

Dividends totalling £200,000 (2022 - £300,000) were paid in the year in respect of shares held by the company's directors.

KHANJRA INTERNATIONAL FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

24 Ultimate controlling party

Ultimate control of the company is held by the directors, Y Khanjra and Y A Patel.

25 Related party transactions

Included in other creditors at the year ended 31 December 2023, is a balance of £1,080,250 (2022 - £962,619) that was owed to the directors of the company.

26 Cash generated from operations

	2023	2022
	£	£
Profit for the year after tax	2,695,293	1,611,989
Adjustments for:		
Taxation charged	979,520	351,265
Preference shares dividend	200,000	200,000
Loss on disposal of tangible fixed assets	830	31,788
Depreciation and impairment of tangible fixed assets	310,587	285,652
Movements in working capital:		
Increase in stocks	(17,911)	(703,250)
Increase in debtors	(75,568)	(391,789)
(Decrease)/increase in creditors	(682,240)	846,905
Cash generated from operations	3,410,511	2,232,560

27 Analysis of changes in net funds

	1 January 2023	Cash flows	31 December 2023
	£	£	£
Cash at bank and in hand	6,923,187	904,560	7,827,747
Borrowings excluding overdrafts	(2,000,000)	-	(2,000,000)
	<u>4,923,187</u>	<u>904,560</u>	<u>5,827,747</u>

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