MAP Trading Limited

Annual report and financial statements

Registered number 1826942

For the year ended 30 June 2023

Contents

Company information

Registered number	1826942
Registered office	2 Abbey Road Park Royal London NW10 7BW
Directors	Lord ZM Choudrey CBE, SI Pk, BA (Hons), FCA MY Sheikh R Pervez, ACA D Pervez, BA (Hons), Solicitor
Secretary	D Pervez, BA (Hons), Solicitor
Solicitors	Hogan Lovells International LLP Atlantic House Holborn Viaduct London EC1A 2FG
Independent Auditors	Mazars LLP 30 Old Bailey London EC4M 7AU

Strategic report

The directors present their Strategic report of MAP Trading Limited ("the Company") for the year ended 30 June 2023.

Principal activities

The principal activity of the Company during the year was the milling and processing of rice and the importation and sale of rice, herbs, spices and lentils and import and export sales.

Business review

Operating profit for the year to 30 June 2023 was £1.3 million compared to £1.1 million for the previous year. Turnover for the year ended 30 June 2023 amounted to £28.5 million compared to £25.6 million for the previous year, which is an increase of 11.3%. The growth in sales is driven by modest growth in sales volume and the impact of price inflation during the year. Gross profit margin has improved due to price optimisation and administrative expenses have increased due to general inflation. Net liabilities position improved in the year by 15% due to net profits earned. The Company is an important part of the Bestway group and its parent company will continue to provide financial support to the Company.

Principal risks & uncertainties

Competition and markets

The market is highly competitive with multiple businesses in the wholesale sector. The Company competes by closely monitoring the activities of competitors to ensure better price, choice and quality being offered. This includes the development of our online channels and multiple formats to allow us to compete in different markets.

IT Systems & Cyber Security

IT & Cyber is an increasing risk across the Company given the increased focus on digital systems of record and transacting. The Company ensures that it undertakes period cyber assessments and system penetration testing with subject matter experts. The threats are then systematically managed, and its security is enhanced via improvement programmes.

Health and safety

Failure to meet safety standards in relation to our workplace could result in death or injury to our customers, colleagues or third parties which could lead to financial and reputational loss. Policies and procedures are in place detailing the controls required to manage health and safety and products safety risks across the business and comply with all applicable regulations. These cover end-to-end operations including the health and safety processes in place at the site and offices and the controls in place ensure people and product safety and integrity. The Board receives updates on safety and policies are cascaded to the business after board approval.

Other economic factors

Company imports rice from Pakistan as its key raw material and so is potentially impacted by political or environmental disruption within that country. The Company maintains close relationships with its Pakistan based suppliers to ensure security of supply. Raw materials are bought in bulk with the result that considerable quantities are held at its UK facility awaiting processing, which mitigates any risk from disruption to international shipping.

The management has also assessed the impact of Ukraine crisis and other international tensions on its business. The Company has no operations in Ukraine and other areas affected and does not rely on imports from these areas. Although these international affairs created uncertainty for the economies in which we operate, we determine it is not to be a principal risk to the Company.

Strategic report *(continued)*

Key performance indicators

The Board of Directors uses many performance indicators, both financial and non-financial, to monitor the Company's position.

Among the financial performance indicators within the Company, the key performance indicators are turnover, operating profit and net liabilities.

The non-financial performance indicators are staff turnover, staff/supplier/customer satisfaction, health and safety reports among others. The Board is of the belief that the monitoring of the indicators is an effective aspect of business performance review.

The following financial KPI's (Turnover, PBT & net liabilities) are referred to above in the business review.

Future outlook

The directors anticipate another year of modest profits form a continuing stable performance of the business. Although the UK economy continues to face significant uncertainties due to the cost of living and energy crisis, we believe the Company is in a strong position to withstand these pressures and continue to gain share within its respective markets.

On behalf of the board,

D Pervez BA (Hons), FRSA, MA Oxon, Solicitor
Director

0j December 2023

Directors' report

The Directors present their report and the audited financial statements of MAP Trading Limited for the year ended 30 June 2023.

Directors

The Directors who held office during the year and up to the date of signing these financial statements were as follows:

Lord ZM Choudrey CBE, SI Pk, BA (Hons), FCA
MY Sheikh
R Pervez, ACA
D Pervez, BA (Hons), FRSA MA Oxon, Solicitor

Indemnity provisions

The Company has made qualifying third party indemnity provisions for its Directors in relation to certain losses and liabilities that may occur in the course of acting as Directors of the Company, its subsidiaries or associates which were in force during the year and remain in force at the date of this report.

Employee involvement and equal opportunities

The Company systematically provides employees with information on matters of concern to them and consults with employees on a regular basis to ensure that their views can be taken into account in making decisions which are likely to affect their interests. The Company encourages the involvement of employees in the Company's performance and ensures that it provides employees with the information required such that they are able to achieve a common awareness of the financial and economic factors affecting its performance.

The Company is an equal opportunities employer and its policies for the recruitment, training, career development and promotion of employees are based on the relevant merits and abilities of the individuals concerned. It recognises its responsibilities towards the disabled and gives full and fair consideration to applications for employment from them, having regard to their particular aptitudes and abilities. So far as particular disabilities permit, the Company will give continued employment and arrange appropriate training for any existing employee who becomes disabled. It is the policy of the Company that the training, career development and promotion of disabled persons should as far as possible be identical to that of other employees.

Future outlook

The future outlook of the company has been set out in the Strategic report on page 3.

Financial risk management

Financial risk management objectives

The Company has access to the Group's Corporate Treasury function which co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include liquidity risk, interest rate risk, foreign exchange risk and credit risk.

The Company has a policy of using reasonable cash surpluses to pay down debt and thereby reducing interest costs. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Directors' report *(continued)*

Foreign exchange risk

The company has exposure to US dollars, and to a minor extent to the euro.

The Company manages foreign exchange risks by paying for US dollar purchases in advance. As a result, a change in the exchange rate would have no immediate impact on its purchase prices in pound sterling. In the medium term, there would still be an exposure where supplies are sourced in US dollars, which would be managed by adjusting sales prices. The exposure to the euro is immaterial.

The Company's receivables, payables and borrowings are denominated in pound sterling. The Company primarily buys, sells and incurs overheads in sterling, but does source a proportion of its raw materials in US dollars. If sterling had weakened/strengthened against the US dollar, with all other variables held constant, there would have been an immaterial effect on profit after tax, as the direct exposure through the balance sheet at June 2023 is immaterial (2022: immaterial). In the longer term, the change will impact on the Company's operating profit through its cost of sales, until selling prices could be adjusted. A +/-10% change in the exchange rate for US dollars would expect to have a medium-term impact on cost of sales of approximately +/- £0.4 million.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from receivables from customers and cash balances held at third party institutions. Cash and cash equivalents represent deposits at high quality financial institutions with strong credit ratings.

The carrying amount of financial assets represents the maximum credit exposure. The majority of the trade receivables at the balance sheet date are within the UK.

The Company manages credit risk principally through the performance of credit checks on new customers and credit control procedures. The trade receivables balances comprise of many individual customer balances, none of which are individually significant.

For some trade receivables, the Company may obtain security in the form of guarantees, deeds of undertakings or letters of credit which can be called upon if the counterparty is in default under the terms of agreement.

Interest rate risk

The Company is exposed to interest rate risk associated with the amount due to Bestway Wholesale Limited which would be charged at floating interest rates, namely Sterling Overnight Index Average ("SONIA"). The Company does not hedge against the interest rate risk. The Company manages its interest rate risk by keeping its debt at low level.

Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the Directors, who have established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Capital risk management

The Company manages its capital to ensure that entities in the Company will be able to continue as a going concern while maximising the return to the shareholders through the optimisation of the debt and equity mix.

The capital structure of the Company consists of net debt and equity of the Company (comprising issued capital and retained earnings). The Company manages its capital by increasing/decreasing its debt and/or equity as needed and also by adjusting the amount of dividends paid to shareholders.

Directors' report *(continued)*

Political and charitable donations

No political and charitable contributions were made during the year *(2022: £nil)*.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor are aware of that information.

Dividends

The directors do not recommend the payment of a final dividend during the year *(2022: £nil)*.

Going concern

The Company balance sheet shows net liabilities of £3.4 million as at the balance sheet date. Notwithstanding this, the financial statements have been prepared on a going concern basis, which the directors believe to be appropriate for the following reasons. The directors have received assurances from the board of directors of its immediate parent company, Bestway Wholesale Limited, that they will not call in amounts owed in the 12 months from the date of approval of these financial statements. The Company is an important entity within the Group and is an obligator entity within the security arrangements of the Bestway Group's banking group; this gives the directors further assurance that the parent company will continue to support the Company.

Independent auditors

The auditors, Mazars LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Board Meeting.

On behalf of the board

D Pervez BA (Hons), FRSA, MA Oxon, Solicitor
Director

01 December 2023

Registration No 1826942

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK GAAP.

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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

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.

The financial statements on pages 13 to 30 were approved by the Board of Directors on and signed on its behalf by

D Pervez BA (Hons), FRSA, MA Oxon, Solicitor
Director

01 December 2023

Registration No 1826942

Independent auditor's report to the members of MAP Trading Limited

Opinion

We have audited the financial statements of MAP Trading Limited (the 'company') for the year ended 30 June 2023 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (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 30 June 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.

Independent auditor's report to the members of MAP Trading Limited (continued)

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 the 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.

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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Independent auditor's report to the members of MAP Trading Limited (continued)

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 7, 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation.

Independent auditor's report to the members of MAP Trading Limited (continued)

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the revenue cut off the assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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.

Independent auditor's report to the members of MAP Trading Limited (continued)

Use of the audit 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.

Richard Karmel (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London
EC4M 7AU
United Kingdom
4 December 2023

Statement of comprehensive income

for the year ended 30 June 2023

	Note	2023 £000	2022 £000
Revenue	*4*	**28,518**	25,600
Cost of sales		**(25,714)**	(23,174)
Gross profit		**2,804**	2,426
Administrative expenses		**(1,468)**	(1,323)
Operating profit		**1,336**	1,103
Finance expense	*7*	**(544)**	(292)
Profit before taxation		**792**	811
Tax on profit on ordinary activities	*8*	**(191)**	(70)
Profit and total comprehensive income for the year		**601**	741

The notes on pages 17 to 30 are an integral part of these financial statements.

All operations are derived from continuing activities.

Balance sheet

As at 30 June 2023

	Note	2023 £000	2022 £000
ASSETS			
Non-current assets			
Property, plant and equipment	*9*	**1,066**	1,190
Total non-current assets		**1,066**	1,190
Current assets			
Inventories	*10*	**3,497**	4,184
Trade and other receivables	*11*	**3,544**	3,359
Cash and cash equivalents	*12*	**1,036**	820
Total current assets		**8,077**	8,363
Total assets		**9,143**	9,553
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	*14*	**(92)**	(68)
Total non-current liabilities		**(92)**	(68)
Current liabilities			
Trade and other payables	*13*	**(12,458)**	(13,493)
Total current liabilities		**(12,458)**	(13,493)
Total liabilities		**(12,550)**	(13,561)
Net liabilities		**(3,407)**	(4,008)
EQUITY			
Share capital	*19*	**1**	1
Accumulated losses		**(3,408)**	(4,009)
Total deficit		**(3,407)**	(4,008)

Balance sheet (continued)

The notes on pages 17 to 30 are an integral part of these financial statements.

The financial statements on pages 13 to 30 were approved by the Board of Directors on 01 December 2023 and signed on its behalf by

D Pervez BA (Hons), FRSA, MA Oxon, Solicitor
Director

01 December 2023

Registration No 1826942
2 Abbey Road, Park Royal
London
NW10 7BW

Statement of Changes in Equity

for the year ended 30 June 2023

	Share Capital	Accumulated losses	Total Deficit
	£000	£000	£000
Balance at 1 July 2021	1	(4,750)	(4,749)
Profit and total comprehensive income for the year	-	741	741
Balance at 30 June 2022/1 July 2022	**1**	**(4,009)**	**(4,008)**
Profit and total comprehensive income for the year	-	601	601
Balance at 30 June 2023	**1**	**(3,408)**	**(3,407)**

The notes on pages 17 to 30 are an integral part of these financial statements.

Notes to the financial statements

1. General information

MAP Trading Limited (the Company) is a private Company incorporated, domiciled and registered in the UK under the Companies Act 2006. The Company is limited by shares. The registered number is 1826942 and the registered office address is 2 Abbey Road, Park Royal, London NW10 7BW. The principal activities of the Company and the nature of the Company's operations are set out in the Strategic report on page 2. The ultimate parent undertaking is disclosed in note 18.

2. Significant accounting policies

2.1 Basis of preparation

(i) Compliance with FRS 101

The Company financial statements have been prepared by the Directors in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) as issued by the Financial Reporting Council and those parts of the Companies Act 2006 applicable to companies reporting under FRS 101.

The preparation of Financial Statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas were assumptions and estimates are significant to the financial statements are disclosed in note 3.

The Company is a wholly-owned subsidiary of Bestway Wholesale Limited. It is included in the consolidated financial statements of Bestway Wholesale Holdings Limited. The consolidated financial statements of Bestway Wholesale Holdings Limited are prepared in accordance with International Financial Reporting Standards and are publicly available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

(ii) Historical cost convention

The financial statements are prepared on the historical cost basis. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Company financial statements.

(iii) FRS 101 Exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial instruments: Disclosures,'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
    a) paragraph 79(a)(iv) of IAS 1;
    b) paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
    c) paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
    - 10(d) (statement of cash flows);
    - 16 (statement of compliance with all IFRS);
    - 38A (requirement for minimum of two primary statements, including cash flow statements);
    - 38B–D (additional comparative information);
    - 11 (cash flow statement information); and
    - 134–136 (capital management disclosures).

Notes to the financial statements

2. Significant accounting policies (continued)

2.1 Basis of Preparation (continued)

(iii) FRS 101 Exemptions (continued)

- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group

(iv) New and amended standards adopted by the Company

The standards, interpretations and amendments effective in the current financial year have not had a material impact on the Company financial statements.

2.2 Going concern

The Company balance sheet shows net liabilities of £3.4 million as at the balance sheet date. Notwithstanding this, the financial statements have been prepared on a going concern basis, which the directors believe to be appropriate for the following reasons. The directors have received assurances from the board of directors of its immediate parent company, Bestway Wholesale Limited, that they will not call in amounts owed in the 12 months from the date of approval of these financial statements. The Company is an important entity within the Group and is an obligator entity within the security arrangements of the Bestway Group's banking group; this gives the directors further assurance that the parent company will continue to support the Company.

2.3 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling', which is also the company's functional currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the invoiced amounts receivable for goods provided to customers in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is reduced for rebates and other similar allowances. Revenue is recognised when the risks and rewards of ownership are transferred to the customer, which is at the point of sale (or on despatch for delivered items).

Notes to the financial statements

2. Significant accounting policies (continued)

2.4 Revenue recognition (continued)

It is the Company's policy to sell its products to the end customer with a right of return within 30 days. Revenue is reduced by a provision for expected returns (refund liability). Based on historical knowledge, we make nil provision on expected returns at year end (2022: £nil). An asset and corresponding adjustment to cost of sales is recognised for the Company's right to recover goods from customers.

The revenue and profit before taxation were derived from its principal activity and performed mainly in the UK.

2.5 Retrospective rebates and discounts

The Company negotiates discounts directly with suppliers. These discounts are accounted for once the directors are confident that the Company is entitled to the discount and are netted against cost of sales accordingly.

2.6 Finance income and finance expense

Financial income comprises interest receivable on cash balances. Finance income is recognised as it accrues, using the effective interest method. Finance expense comprises interest payable on loans and overdrafts. Finance income and cost is recognised in the income statement as it accrues.

2.7 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

a) Current tax
Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

b) Deferred tax
Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

2.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is charged to the profit and loss account at rates calculated to write each asset down to its estimated residual value. Land is not depreciated. Their estimated useful lives as follows:

Plant and machinery	15% reducing balance
Fixtures, fittings and equipment	15% reducing balance
Motor vehicles	25% reducing balance

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and they are recognised within 'Other operating income' in the income statement. All other repairs and maintenance are charged to income statement during the reporting period in which they are incurred.

Notes to the financial statements

2. Significant accounting policies (continued)

2.9 Inventories

Inventories are valued at the lower of cost and net realisable value. In determining the cost of goods purchased for resale, the weighted average purchase price is used. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A provision is made for obsolete and slow-moving items.

2.10 Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The probability of the non-payment of the trade debtors is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade debtors. For trade debtors, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of comprehensive income.

Trade and other receivables are written off where there is no reasonable expectation of recovery. Indicators that there a no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, information that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash on hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet. Cash and cash equivalents also include debit and credit card receipts taken from customers which clear the bank shortly after the sale takes place.

2.12 Trade and other payables

These amounts are obligations to pay for good or services that have been acquired in the ordinary course of business from suppliers. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Notes to the financial statements

2. Significant accounting policies (continued)

2.14 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

2.15 Financial assets and financial liabilities

In both current and prior period, financial assets and liabilities are classified as subsequently measured at amortised cost. The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets adjusted for any loss allowance. Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expired.)

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before impairment allowance) or to the amortised cost of a financial liability.

2.16 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

2.17 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

2.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction from the proceeds.

Notes to the financial statements

3. Critical accounting estimates and judgements

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other facts that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are addressed below:

a) Impairment of trade and other receivables

The Company makes an estimate of the recoverable value of trade and other receivables. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

b) Inventory provisioning

The Company's sales are subject to changing consumer demands. As a result, it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of stock.

Notes to the financial statements

4. Revenue

The analysis of the Company's revenue is as follows:	2023	2022
	£000	£000
Revenue from external customers	8,879	7,479
Intercompany sales	19,639	18,121
Total revenue	**28,518**	25,600

The Company derives revenue from the transfer of goods and services at a point in time.

Analysis of turnover by geography	2023	2022
	£000	£000
UK sales	28,385	25,452
Overseas sales	133	148
Total revenue	**28,518**	25,600

5. Staff numbers and costs

Employees

The monthly average number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

	2023	2022
	Number	Number
Office and Management	14	13
Retail	9	7
Manufacturing	3	6
Distribution	2	1
	28	27

The aggregate staff costs of these persons were as follows:

	2023	2022
	£000	£000
Wages and salaries	1,063	967
Social security costs	113	109
Other pension costs	37	34
	1,213	1,110

Notes to the financial statements

6. Operating profit

Included in operating profit are the following:	2023	2022
	£000	£000
Net foreign exchange (gain)/loss	(64)	3
Depreciation of property, plant and equipment (see note 9)	193	218
Audit fees payable to the company's auditor	30	19

7. Finance expense

	2023	2022
	£000	£000
Interest payable to group undertakings	544	292
Total finance expense	544	292

8. Tax on profit on ordinary activities

Tax expense included in income statement:	2023	2022
	£000	£000
Current tax		
Current tax credit on losses surrendered via group relief	163	145
Adjustments in respect of prior periods	9	-
Total current tax	172	145
Deferred tax (see note 14)		
Origination and reversal of timing differences	(4)	9
Increase in tax rate	-	14
Adjustments in respect of prior periods	23	(98)
Total deferred tax	19	(75)
Tax on profit on ordinary activities	191	70

The tax charge for the year is higher (2022: lower) than the standard rate of corporation tax in the UK of 20.5 % (2022: 19 %). The differences are explained below.

Notes to the financial statements

8. Tax on profit on ordinary activities (continued)

Reconciliation of effective tax rate:

	2023 £000	2022 £000
Profit for the year	**792**	811
Tax using the UK corporation tax rate of 20.5% (2022: 19%)	**162**	154
Effects of:		
Under/(over) provided in prior years	**31**	(98)
Rate change impact	**(1)**	17
Benefit of tax incentives	**(1)**	(3)
Total tax expense	**191**	**70**

From 1 April 2023 the corporation tax rate has increase from 19% to 25%. Accordingly, the Company's profits for this accounting year are subject to tax at a rate of 19% before 1 April 2023 and 25% from 1 Apr 2023 (2022: 19%). The deferred tax liabilities and assets at 30 June 2023 has been calculated at a rate of 25% (2022: 25%).

9. Property, plant and equipment

Cost	Freehold buildings £000	Plant and Machinery £000	Fixtures and fittings £000	Motor Vehicles £000	Total £000
At 1 July 2022	46	4,660	340	182	5,228
Additions	-	57	12	-	69
At 30 June 2023	**46**	**4,717**	**352**	**182**	**5,297**
Accumulated depreciation and impairment					
At 1 July 2022	18	3,662	253	105	4,038
Charged in the year	1	157	15	20	193
At 30 June 2023	**19**	**3,819**	**268**	**125**	**4,231**
Net book value					
At 30 June 2023	**27**	**898**	**84**	**57**	**1,066**
At 30 June 2022	28	998	87	77	1,190

The cost of freehold land and buildings includes land of £nil (*2022: £nil*) on which depreciation is not provided.

Notes to the financial statements

9. Property, plant and equipment (continued)

Assets pledged as security

Tangible moveable property has been pledged to secure borrowings of the Company's immediate parent company and its fellow subsidiaries within the overdraft facility agreement (see note 15). The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

10. Inventories

	2023	2022
	£000	£000
Finished goods and goods for resale	**3,497**	4,184
Total inventories	**3,497**	4,184

The write-down of stocks to net realisable value amounted to £nil (2022: £nil).

11. Trade and other receivables

	2023	2022
	£000	£000
Trade receivables	**3,196**	2,694
Allowance for doubtful debts	**(75)**	(75)
	3,121	2,619
Amounts owed by group undertakings	**165**	184
Amounts owed by related parties	-	399
Prepayments and accrued income	**258**	157
	3,544	3,359

Trade receivables

Trade receivables disclosed above are measured at amortised cost.

The average credit period taken on credit sales of goods for our wholesale business is 30 days (2022: 30 days). No interest is charged on outstanding receivables.

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses (ECL) on trade receivables are estimated using a provision matrix by reference to past default experience on the receivable and an analysis of the receivable's current financial position, adjusted for factors that are specific to the receivables, general economic conditions of the industry in which the receivables operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The debt ageing of 90 days, or more assessed by the wholesale businesses and a provision is provided against the debt which is unlikely to be recovered in the next 12 months. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due.

Notes to the financial statements

11. Trade and other receivables (continued)

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

Other receivables

Other receivables are held at amortised cost as the objective is to collect the contractual cash flow which are solely the principal balance and related interest.

All other intercompany loan receivables are interest free, unsecured and repayable in demand.

At the end of the reporting period, there was no indication that the amount owed by the group undertakings are not recoverable. The Company does not specifically monitor the ageing of balances owed by group undertakings. Nevertheless, these balances have been overdue for less than a year.

12. Cash and cash equivalents

	2023	2022
	£000	£000
Cash and cash equivalents	**1,036**	820

Cash and cash equivalents comprise cash with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is equal to their fair value.

13. Trade and other payables

	2023	2022
	£000	£000
Trade payables	**1,951**	2,595
Amounts owed to group undertakings	**9,646**	9,215
Amounts owed to related parties	**114**	-
Corporation tax payables	**-**	124
Accruals and deferred income	**645**	1,410
Other taxes and social security	**102**	149
	12,458	13,493

The carrying amounts of trade and other payables are considered to be the same as their fair values due to their short-term nature. All other amounts due to group undertakings are unsecured and repayable on demand. Interest of 2% plus SONIA (2022: 2% plus SONIA) is charged on amounts due to group undertakings.

Notes to the financial statements

14. Deferred tax liabilities

The provision for deferred tax consists of the following deferred tax liabilities:

	2023	2022
	£000	£000
Deferred tax liabilities that may reverse through the profit and loss account	92	68
Total deferred tax provision	**92**	**68**
Deferred tax liabilities due after 12 months	**92**	**68**
Total deferred tax provision	**92**	**68**

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period.

Items that may reverse through statement of comprehensive income	**Short term timing differences £000**	**Accelerated capital allowances £000**	**Total £000**
At 1 July 2021	(6)	149	143
Charge to the statement of comprehensive income (see note 8)	-	(75)	(75)
At 30 June 2022	**(6)**	**74**	**68**
Charge/(Credit) to the statement of comprehensive income (see note 8)	6	18	24
At 30 June 2023	-	**92**	**92**

There are £nil (2022: £nil) of unused tax losses or unused tax credits.

15. Contingent liabilities

The Company, together with its fellow subsidiaries became party to a rolling credit facility agreement in May 2022, whereby the liabilities of the Bestway Wholesale Limited and Bestway Northern Limited are cross guaranteed by the Company and its fellow subsidiaries. The credit limit of the rolling credit facility agreement amount to £75 million (2022: £75 million). The balance utilised at year end is £nil.

16. Capital commitments

The Company had £nil (2022: £nil) commitments of capital expenditure contracted for but not provided in these financial statements.

Notes to the financial statements

17. Related party transactions

Directors' remuneration

The costs relating to directors' remuneration are wholly incurred by Bestway Wholesale Limited for the wider group. The amount attributable to services provided to the Company was £261,000 (2022: £261,000).

The aggregate of remuneration of the highest paid director was £15,000 (2022: £15,000) in respect of qualifying service to the Company, and Company pension contributions of £nil (2022: £nil) were made to a money purchase scheme on his behalf.

Trading transactions

Details of transactions between the Company and related parties are as follows:

	2023	2022
	£000	£000
Purchase of goods from related party	4,368	3,124

The following amounts were outstanding at the balance sheet date:

	Note	2023	2022
		£000	£000
Amounts due from related party	*11*	-	399
Amounts due to related party	*13*	(114)	-

Terms and conditions

Goods were sold and purchased to and from group related parties during the year based on the price lists in force and terms that would be available to third parties.

All other transactions were made on normal commercial terms and conditions and at market rates.

There were no other related party transactions during the year other than transactions with group companies. The Company has taken advantage of the exemption outlined in IAS 24, 'Related party disclosures', to disclose key management personnel remuneration and related party transactions entered into between two or more members of a group.

18. Ultimate parent Company and controlling party

The Company's immediate parent undertaking is Bestway Wholesale Limited, incorporated in UK. The registered address of Bestway Wholesale Limited is 2 Abbey Road, Park Royal, London, NW10 7BW.

The Company's ultimate parent undertaking is Bestway Group Limited, incorporated in Guernsey. The registered address of Bestway Group Limited is Newport House, 15 The Grange, St Peter Port, Guernsey GY1 2QL. There is no ultimate controlling party.

The smallest and largest group into which the Company is consolidated is Bestway Wholesale Holdings Limited. The registered address of Bestway Wholesale Holdings Limited is 2 Abbey Road, Park Royal, London, NW10 7BW. The consolidated financial statements of this group are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

Notes to the financial statements

19. Called up share capital

	2023	2022
	£000	£000
Authorised		
1,000 (2022: 1,000) ordinary shares of £1 each	**1**	1
	1	1
Allotted, called up and fully paid		
1,000 (2022: 1,000) ordinary shares of £1 each	**1**	1
	1	1

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. During the year the Company did not issue any shares (*2022: nil*) and no dividend have been proposed or recognised (*2022: nil*).