

Registered number: 5486353

**KIRIL MISCHEFF (TRADING) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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## **KIRIL MISCHEFF (TRADING) LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	RAR Mischeff JI Bowler WRS Neill (resigned 30 October 2020) C Green MKL Jackson IR Marlow DA Mirchev A Smith
<b>Company secretary</b>	A Smith
<b>Registered number</b>	5486353
<b>Registered office</b>	Broadwall House 21 Broadwall London SE1 9PL
<b>Independent auditors</b>	Armstrong Watson Audit Limited Chartered Accountants & Statutory Auditor York House Northallerton North Yorkshire DL6 2XQ
<b>Bankers</b>	Royal Bank of Scotland plc 250 Bishopgate London EC2M 4AA
<b>Solicitors</b>	3volution Limited 10 South Parade Leeds LS1 5QS

## **KIRIL MISCHEFF (TRADING) LIMITED**

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**KIRIL MISCHEFF (TRADING) LIMITED**

**GROUP STRATEGIC REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**Principal activities**

The company is the parent company of Kiril Mischeff Limited and the holding company of the Kiril Mischeff Group of companies.

The principal activities of the Group continue to be the importing, processing, packaging and distribution of food products, food products broking and trading, shipping and forwarding and the provision of serviced office facilities.

**Business model**

The Group procures food products and food ingredients from suppliers across the world to provide high quality products to a range of users to both the United Kingdom and overseas. These users cover a wide spectrum of industries including food manufacture, food service and food retail.

We strive to provide the highest level of service to our customers and suppliers and our offering provides first rate expertise to both parties in the form of food technical knowledge to ensure the customer can be sure of the quality of its supplies.

Relationships with our suppliers and customers are seen as paramount to ensure our mutual businesses thrive and grow. We source products from multiple suppliers, all of which have been internally approved and meet the company's high standard of suitability, to ensure continuity of supply and a wide range of product offerings.

**Business review and results**

Turnover reduced during the year by 9.8% standing at £158.7m. Gross profit margin generated during the year was £10.2m a decrease of 2.6% compared with last year. Gross profit percentage for the group increased marginally from 5.9% to 6.4%.

**Key performance indicators**

The Group adopts a variety of key performance indicators ("KPI's) to monitor its performance. The principle KPI's are sales and margin reports and divisional and company profit & loss accounts. The Group reviews stock levels on a weekly basis versus stock target levels and cash is monitored daily and forecast on a weekly basis.

In order to upkeep its aim of delivering excellent service levels the Group also monitors the level of unfulfilled orders on a weekly basis and investigates out of stock occurrences.

The use of these KPI's enables management to ensure service levels are maintained and that products can be assessed for profitability on a line by line basis.

**Principal risks and uncertainties**

The Group is subject to exchange rate fluctuations as the majority of our products are imported. To manage this risk the Board adopts a system of fixing the exchange rate on contracted purchases at the time of securing the contract.

The Group is obliged to honour its supply contracts to customers. Accordingly, to provide certainty of supply the Group sources from multiple suppliers worldwide whenever possible. Interest rate fluctuations are a risk to the Group which is managed by the use of tight working capital management.

The conflict between Russia and Ukraine is having considerable impact on worldwide commodity and energy supply and prices during a period of already escalating costs, as a result of sanctions imposed on Russia by the Western economies and Ukraine's inability to maintain normal operations. Whilst the company does not source directly from either of these nations there is a worldwide reduction in the availability of many products which is driving inflationary pressures down the supply chain. The company is in negotiations with suppliers and customers to mitigate associated risks and ensure continuity of supply.

## **KIRIL MISCHEFF (TRADING) LIMITED**

### **GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021**

#### **Covid-19**

Covid induced lockdown restrictions which first impacted the UK in 2020 continued into the current financial year. The UK lockdown on 23rd March 2020 which impacted the prior year results was followed by a further two UK lockdowns impacting the current financial year on 5th November 2020 and 6th January 2021. At their onset the lockdowns consist of a full closure of all non-essential stores and hospitality venues. The level of lockdown restrictions fluctuated throughout the year until the lifting of most restrictions on 12th July 2021. Even then and now, activity levels in the food and drink sector are some way from pre-pandemic levels with a significant proportion of the population choosing to minimise exposure by continuing to limit contact with others and staying at home.

As the principal activities of the Group are the supply of food and food ingredients, the operations of the Group have continued throughout all lockdown periods. From the Group's point of view, the supply of products to the Food Service and to the Food To Go sectors has been impacted the most. Food service sales have been affected as their own customer base has been either closed or visitor numbers restricted in some form for almost half the financial year. Even after the lifting of restrictions for this sector, public attitudes to dining out have been negatively impacted due to the fear of infection. The Food To Go sector, which is a significant market for our cooked and prepared vegetables facility, has been greatly affected by the significant number of people working from home and therefore reducing footfall in stores during the daily commutes and lunch times. Conversely, sales to retail and to manufacturers to the retailers fared very well as more consumers turned to cooking and eating at home.

The Group, its systems, and most importantly its employees, have shown great resilience during a period of immense uncertainty. The majority of employees started working from home shortly before the first lockdown was announced in order to comply with the Government requests and operations continued as normal servicing customers through our valued storage and distribution partners.

The Governments' Coronavirus Job Retention Scheme, which facilitates the part payment of salaries and wages, was used to a limited extent by the Group in areas where the job role meant home working was not possible and where the volume of orders were reduced severely by the lockdown.

In order to ensure the Group had sufficient headroom, at the initial stage of the crisis the Group arranged with its lenders additional borrowing facilities which remain in place. That along with the absolute priority of managing working capital levels by driving down debtor days and reducing stock levels during the lockdown periods, whilst continuing to pay our suppliers to agreed terms has meant that cashflow throughout the year has been, and continues to be, at comfortable levels, with the Group enjoying net funds since the Spring of 2020 and remaining cash positive throughout.

The UK vaccination programme is now in an advanced stage and restrictions in the UK were fully lifted on 24th February 2022 meaning individuals with Covid-19 are no longer legally required to self-isolate. The level of home working in the UK is reducing and the footfall in hospitality venues and events which rely on mass gatherings is increasing and so the Board is cautiously optimistic that Group sales will again reach and exceed pre-pandemic levels.

## **KIRIL MISCHEFF (TRADING) LIMITED**

### **GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021**

#### **S172 Companies Act 2006**

The Directors of the company consider that they have acted in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in S172 (a-f) of the Companies Act 2006) in the decisions taken during the period ended 30 September 2020.

The Board ensure that the requirements of S172 of the Companies Act 2006 are met and the interests of its stakeholder groups are considered through a combination of the following:

- Standard agenda points and presentations at each Board meeting:
- Regularly scheduled Board presentations and reports, including monthly leadership team meetings with updates on financial, commercial, and operational matters, including Health & Safety updates:
- Regular updates with the stakeholders, including but not limited to, suppliers, customers and employees:
- Consideration of the sustainability of Group operations, the impact of operations on the community and environment, and how this can continue to be improved: and
- A detailed annual budget-setting process covering the following three years, which considers the company strategy and long-term goals of the business.

## **KIRIL MISCHEFF (TRADING) LIMITED**

### **GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021**

#### **Future developments**

The Group operates in a very competitive environment and the current economic climate means that all companies which thrive have to operate with the most efficient cost base. Accordingly the Board believes margin pressures will continue from customers and suppliers.

However with an ever increasing worldwide population, food demands are increasing and consumer tastes changing, which means the volume and the range of food requirements continues to rise. The Board will strive to capitalise on this opportunity by sourcing new and exciting products from existing and new suppliers, whilst maintaining a tight rein on its cost base and working capital requirements.

**KIRIL MISCHEFF (TRADING) LIMITED**

**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**Streamlined energy and carbon reporting**

**Direct emissions**

	2021	2020
Combustion of gas and use of fuel for transport (tCO <sub>2</sub> )	50	63
Combustion of gas and use of fuel for transport (kWh)	<u>373,714</u>	<u>450,362</u>

**Indirect emissions**

	2021	2020
Purchase of electricity (tCO <sub>2</sub> )	156	171
Purchase of electricity (kWh)	<u>807,620</u>	<u>878,333</u>

**Intensity ratios**

	2021	2020
Group sales £m	159	176
Direct emissions per £m of sales	3	3
Indirect emissions per £m of sales	<u>1</u>	<u>1</u>

This report was approved by the board and signed on its behalf.

  
.....  
**A Smith**  
Director

Date: 29/03/2022



**KIRIL MISCHEFF (TRADING) LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

The directors present their report and the financial statements for the year ended 30 September 2021.

**Results and dividends**

The profit for the year, after taxation, amounted to £1,845,000 (2020 - £2,198,000).

A dividend of £25,000 (2020 - £100,000) was paid during the year.

**Directors**

The directors who served during the year were:

RAR Mischeff  
JI Bowler  
WRS Neill (resigned 30 October 2020)  
C Green  
MKL Jackson  
IR Marlow  
DA Mirchev  
A Smith

**Political donations**

The Company has made Nil political donations during the year (2020: £Nil).


**Disclosure of information to auditor**

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 auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Auditor**

The auditors, Armstrong Watson Audit Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



.....  
**A Smith**  
Secretary

Date: 29/07/2022

## **KIRIL MISCHEFF (TRADING) LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT TO THE MEMBERS OF KIRIL MISCHEFF (TRADING) LIMITED FOR THE YEAR ENDED 30 SEPTEMBER 2021**

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements 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 Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **KIRIL MISCHEFF (TRADING) LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KIRIL MISCHEFF (TRADING) LIMITED**

#### **Opinion**

We have audited the financial statements of Kiril Mischeff (Trading) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2021, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 Group's and of the parent Company's affairs as at 30 September 2021 and of the Group's profit for the year then ended;
- have been prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### **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 Group's or the parent 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.

## **KIRIL MISCHEFF (TRADING) LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KIRIL MISCHEFF (TRADING) LIMITED (CONTINUED)**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

#### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in these respects.

#### **Directors responsibilities**

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

## **KIRIL MISCHEFF (TRADING) LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KIRIL MISCHEFF (TRADING) LIMITED (CONTINUED)**

#### **Auditors' responsibilities**

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

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

- We obtained an understanding of laws and regulations that affect the company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the UK Companies Act, tax legislation and occupational health and employment legislation.
- We enquired of the directors, reviewed correspondence with HMRC and reviewed directors meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the directors have in place to ensure compliance.
- We gained an understanding of the controls that the directors have in place to prevent and detect fraud. We enquired of the directors about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: revenue recognition and management override of controls.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the directors and third-party advisors about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.


A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**KIRIL MISCHEFF (TRADING) LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KIRIL MISCHEFF (TRADING) LIMITED  
(CONTINUED)**

**The purpose of our audit work and to whom we owe our responsibilities**

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.



Simon Turner  
for and on behalf of Armstrong Watson Audit Limited

Chartered Accountants  
Statutory Auditor  
Northallerton

Date: 29/03/2022

# KIRIL MISCHEFF (TRADING) LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Note	2021 £000	2020 £000
Turnover	4	158,683	175,947
Cost of sales		(148,532)	(165,529)
<b>Gross profit</b>		<b>10,151</b>	<b>10,418</b>
Distribution costs		(3,035)	(3,004)
Administrative expenses		(4,697)	(4,905)
Other operating income		60	279
<b>Operating profit</b>	6	<b>2,479</b>	<b>2,788</b>
Loss from fixed assets investments		-	(4)
Interest receivable/(payable) and similar expenses	10	5	(62)
<b>Profit before taxation</b>		<b>2,484</b>	<b>2,722</b>
Tax on profit	11	(639)	(524)
<b>Profit for the financial year</b>		<b>1,845</b>	<b>2,198</b>
Effective portion of change in fair value of cash flow hedges		23	202
<b>Other comprehensive income for the year</b>		<b>23</b>	<b>202</b>
<b>Total comprehensive income for the year</b>		<b>1,868</b>	<b>2,400</b>
<b>Profit for the year attributable to:</b>			
Owners of the parent Company		1,845	2,198
		<b>1,845</b>	<b>2,198</b>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the parent Company		1,868	2,400
		<b>1,868</b>	<b>2,400</b>

The notes on pages 21 to 43 form part of these financial statements.

**KIRIL MISCHIEFF (TRADING) LIMITED**  
**REGISTERED NUMBER: 5486353**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2021**


	Note	2021 £000	2020 £000
<b>Fixed assets</b>			
Intangible assets	13	25	17
Tangible assets	14	3,738	4,031
Investments	15	47	74
		<hr/> 3,810	<hr/> 4,122
<b>Current assets</b>			
Stocks	16	11,148	8,270
Debtors		30,732	29,896
Cash at bank and in hand		16,852	13,987
		<hr/> 58,732	<hr/> 52,153
Creditors: amounts falling due within one year		<hr/> (47,663)	<hr/> (41,425)
<b>Net current assets</b>		<hr/> 11,069	<hr/> 10,728
<b>Total assets less current liabilities</b>		<hr/> 14,879	<hr/> 14,850
Creditors: amounts falling due after more than one year	19	(8)	(8)
<b>Provisions for liabilities</b>			
Other provisions		<hr/> (1,734)	<hr/> (2,502)
		<hr/> (1,734)	<hr/> (2,502)
<b>Net assets</b>		<hr/> <hr/> 13,137	<hr/> <hr/> 12,340
<b>Capital and reserves</b>			
Called up share capital	21	30	33
Share premium account		12	12
Capital redemption reserve		28	25
Foreign exchange reserve		23	202
Profit and loss account		13,044	12,068
		<hr/> 13,137	<hr/> 12,340



**KIRIL MISCHEFF (TRADING) LIMITED**  
**REGISTERED NUMBER: 5486353**

**CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 30 SEPTEMBER 2021**

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

  
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**A Smith**  
Director

29/03/2022

The notes on pages 21 to 43 form part of these financial statements.

**KIRIL MISCHEFF (TRADING) LIMITED**  
**REGISTERED NUMBER: 5486353**

**COMPANY BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2021**

	Note	2021 £000	2020 £000
<b>Fixed assets</b>			
- Investments	15	670	670
		<u>670</u>	<u>670</u>
<b>Current assets</b>			
Debtors		-	314
		<u>-</u>	<u>314</u>
Creditors: amounts falling due within one year		(121)	(25)
		<u>(121)</u>	<u>(25)</u>
<b>Net current (liabilities)/assets</b>		<b>(121)</b>	<b>289</b>
<b>Total assets less current liabilities</b>		<b>549</b>	<b>959</b>
<b>Net assets</b>		<b>549</b>	<b>959</b>
<b>Capital and reserves</b>			
Called up share capital	21	30	33
Share premium account		12	12
Capital redemption reserve		28	25
Profit and loss account		479	889
		<u>549</u>	<u>959</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



.....  
**A Smith**  
 Director

29/03/2022

The notes on pages 21 to 43 form part of these financial statements.

KIRIL MISCHEFF (TRADING) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Called up share capital	Share premium account	Capital redemption reserve	Cash flow hedge reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 October 2020	33	12	25	202	12,068	12,340
<b>Total comprehensive income for the year</b>						
Profit for the year	-	-	-	-	1,845	1,845
Other comprehensive income	-	-	-	23	-	23
<b>Other comprehensive income for the year</b>	-	-	-	23	-	23
<b>Total comprehensive income for the year</b>	-	-	-	23	1,845	1,868
Dividends payable	-	-	-	-	(25)	(25)
Cash flow hedge movement	-	-	-	(202)	-	(202)
Shares redeemed during the year	(3)	-	3	-	(844)	(844)
<b>Total transactions with owners</b>	(3)	-	3	(202)	(869)	(1,071)
<b>At 30 September 2021</b>	<b>30</b>	<b>12</b>	<b>28</b>	<b>23</b>	<b>13,044</b>	<b>13,137</b>

The notes on pages 21 to 43 form part of these financial statements.

KIRIL MISCHEFF (TRADING) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Cash flow hedge reserve £000	Profit and loss account £000	Total equity £000
At 1 October 2019	37	12	21	(992)	10,573	9,651
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	2,198	2,198
Other comprehensive income	-	-	-	202	-	202
<b>Other comprehensive income for the year</b>	-	-	-	202	-	202
<b>Total comprehensive income for the year</b>	-	-	-	202	2,198	2,400
Dividends payable	-	-	-	-	(100)	(100)
Cash flow hedge movement	-	-	-	992	-	992
Shares redeemed during the year	(4)	-	4	-	(603)	(603)
<b>Total transactions with owners</b>	(4)	-	4	992	(703)	289
<b>At 30 September 2020</b>	<b>33</b>	<b>12</b>	<b>25</b>	<b>202</b>	<b>12,068</b>	<b>12,340</b>

The notes on pages 21 to 43 form part of these financial statements.

**KIRIL MISCHEFF (TRADING) LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 October 2020	33	12	25	889	959
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	-	459	459
<b>Total comprehensive income for the year</b>	-	-	-	459	459
<b>Contributions by and distributions to owners</b>					
Dividends payable	-	-	-	(25)	(25)
Share redemption in year	(3)	-	3	(844)	(844)
<b>Total transactions with owners</b>	(3)	-	3	(869)	(869)
<b>At 30 September 2021</b>	<b>30</b>	<b>12</b>	<b>28</b>	<b>479</b>	<b>549</b>

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 October 2019	37	12	21	81	151
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	-	1,511	1,511
<b>Total comprehensive income for the year</b>	-	-	-	1,511	1,511
<b>Contributions by and distributions to owners</b>					
Dividends: Equity capital	-	-	-	(100)	(100)
Share redemption in year	(4)	-	4	(603)	(603)
<b>Total transactions with owners</b>	(4)	-	4	(703)	(703)
<b>At 30 September 2020</b>	<b>33</b>	<b>12</b>	<b>25</b>	<b>889</b>	<b>959</b>

The notes on pages 21 to 43 form part of these financial statements.

**KIRIL MISCHEFF (TRADING) LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Cash flows from operating activities</b>		
Profit for the financial year	<b>1,845</b>	<b>2,198</b>
<b>Adjustments for:</b>		
Share of operating loss/(profit) in associates	-	3
Depreciation, amortisation and impairment	<b>299</b>	<b>361</b>
Profit on disposal of tangible assets	<b>(12)</b>	<b>(20)</b>
Taxation charge	<b>639</b>	<b>524</b>
(Increase)/decrease in stocks	<b>(2,878)</b>	<b>4,089</b>
(Increase)/decrease in debtors	<b>(1,052)</b>	<b>9,151</b>
Increase/(decrease) in creditors	<b>6,377</b>	<b>(1,028)</b>
(Decrease)/increase in provisions	<b>(767)</b>	<b>254</b>
Corporation tax (paid)	<b>(737)</b>	<b>(474)</b>
<b>Net cash generated from operating activities</b>	<b>3,714</b>	<b>15,058</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	<b>(25)</b>	<b>(167)</b>
Sale of tangible fixed assets	<b>17</b>	<b>38</b>
Repayment of loan from associate	<b>27</b>	<b>27</b>
Dividends paid	<b>(25)</b>	<b>(100)</b>
<b>Net cash outflow from investing activities</b>	<b>(6)</b>	<b>(202)</b>
<b>Cash flows from financing activities</b>		
Loan repayment	-	<b>(466)</b>
Repayment of borrowings	-	<b>(1,007)</b>
Share capital redemption	<b>(843)</b>	<b>(603)</b>
<b>Net cash used in financing activities</b>	<b>(843)</b>	<b>(2,076)</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,865</b>	<b>12,780</b>
Cash and cash equivalents at beginning of year	<b>13,987</b>	<b>1,207</b>
<b>Cash and cash equivalents at the end of year</b>	<b>16,852</b>	<b>13,987</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	<b>16,852</b>	<b>13,987</b>
	<b>16,852</b>	<b>13,987</b>

The notes on pages 21 to 43 form part of these financial statements.

**KIRIL MISCHEFF (TRADING) LIMITED**

**CONSOLIDATED ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	<b>At 1 October 2020 £000</b>	<b>Cash flows £000</b>	<b>At 30 September 2021 £000</b>
Cash at bank and in hand	13,987	2,865	16,852
Finance leases	(27)	-	(27)
	<u>13,960</u>	<u>2,865</u>	<u>16,825</u>

The notes on pages 21 to 43 form part of these financial statements.

## **KIRIL MISCHEFF (TRADING) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021**

#### **1. General information**

Kiril Mischeff (Trading) Limited (the "company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 5486353 and the registered address is Broadwall House, 21 Broadwall, London, SE1 9PL.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

No separate parent company Cash Flow Statement with related notes is included.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 400 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

##### **2.2 Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 September 2021. The results of subsidiary undertakings are included in the consolidated profit and loss account. All intra group transactions, balances, income and expenses are eliminated on consolidation.



## **KIRIL MISCHEFF (TRADING) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021**

#### **2. Accounting policies (continued)**

##### **2.3 Foreign currency**

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary asset and liabilities that are measured in terms of historic cost in a foreign currency are translated using the exchange rate at the date of that transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income.

##### **2.4 Clarification of financial instruments issued by the group**

In accordance with FRS 102.22, financial instruments issued by the group that are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party conditions that are potentially unfavourable to the group; and

(b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that included an obligation to deliver a valuable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified take the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

## KIRIL MISCHEFF (TRADING) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

#### 2. Accounting policies (continued)

##### 2.5 Basic financial instruments

###### Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

###### Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

###### Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition, investments that can be measured reliably are measured at fair value with changes recognised in the profit and loss. Other investments are measured at cost less impairment recognised in the profit or loss.

###### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

## KIRIL MISCHEFF (TRADING) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

#### 2. Accounting policies (continued)

##### 2.6 Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

For the cash flow hedges, where the financial transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in other comprehensive income is included in the initial cost or other carrying amount of the asset or liability. Alternatively when the hedged item is recognised in the profit or loss the hedging gain or loss is reclassified to profit or loss. When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged interest transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

## KIRIL MISCHEFF (TRADING) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

#### 2. Accounting policies (continued)

##### 2.7 Tangible fixed asset

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Freehold property	- straight line over 50 years
Plant and equipment, fixtures and fittings	- straight line over 5 years
Motor vehicles	- straight line over 4 years

##### Revaluation

Investment properties and land are stated at fair value less any impairment losses. Gains on revaluation are recognised in other comprehensive income and accumulated in revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease previously recognised in profit or loss.

Losses arising on revaluation are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. Any excess is recognised in profit or loss.

##### 2.8 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is on the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

##### 2.9 Investments in subsidiary undertakings

The cost of investments in subsidiary undertakings is recorded as cash paid and any further costs connected with the acquisition. Provision is made where necessary to reduce the carrying value of an investment to its estimated recoverable amount where in the opinion of the directors there has been an impairment.

## **KIRIL MISCHEFF (TRADING) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021**

#### **2. Accounting policies (continued)**

##### **2.10 Investment in associated undertakings**

An associate is an undertaking in which the Group has a long term interest and over which it exercises significant influence. The Group's share of the profits less losses of associates is included in the consolidated profit and loss account and its interest in their net assets, is included in investments in the consolidated balance sheet.

##### **2.11 Goodwill**

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

##### **Amortisation**

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be seven years.

- The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.
- Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

##### **2.12 Investment property**

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

No depreciation is provided in respect of investment properties applying the fair value model.

##### **2.13 Stocks**

Stocks are stated at lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

## KIRIL MISCHEFF (TRADING) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

#### 2. Accounting policies (continued)

##### 2.14 Impairment excluding stocks, investment properties and deferred tax assets

###### Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

###### Non-financial assets

The carrying amounts of the entity's non-financial 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill can be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGU's are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

##### 2.15 Employee benefits

###### Defined contribution plans and other long term employee benefits

The company operates a defined contribution pension scheme. The pension costs charged to the profit and loss account are the premiums payable in accordance with the rules of the scheme in respect of the accounting period.

## **KIRIL MISCHEFF (TRADING) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021**

#### **2. Accounting policies (continued)**

##### **2.16 Provisions**

A provision is recognised in the balance sheet when the entity 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 recognised at the best estimate of the amount required to settle the obligation at the reporting date.

##### **2.17 Turnover**

Turnover represents amounts receivable for goods and services and net agency income from haulage, freight and rental services provided net of VAT.

Turnover on the sale of goods is recognised when substantially all of the risks and rewards in the product have passed to the customer, and substantially all of the Group's work is completed which is usually upon delivery to the customer, or his agent.

##### **2.18 Expenses**

###### **Operating lease**

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

###### **Interest receivable and Interest payable**

Interest payable and similar expenses include interest payable, finance expenses on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are expensed as incurred.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit and loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

## KIRIL MISCHEFF (TRADING) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

#### 2. Accounting policies (continued)

##### 2.19 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.

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax is not recognised when assets are revalued, unless, by the balance sheet date, the company has entered into a binding agreement to sell the assets and recognise the gains or losses expected to arise on sale. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

##### 2.20 Related party disclosures

The company has adopted an accounting policy not to disclose related party transactions between the company, other group companies and associates.

##### 2.21 Credit risk

The Group is exposed to credit risk to the extent of non-performance by its counterparties in respect of financial assets receivable. However, the Group has policies and procedures in place to ensure such risk is limited by placing credit limits on each counterparty. The Group regularly monitors such limits and defaults by counterparties, incorporating this information into credit risk controls. The Group does not currently hold any collateral to mitigate this exposure, however appropriate credit insurance is in place.

The maximum credit exposure to credit risk is limited to the carrying value of each asset.



## **KIRIL MISCHEFF (TRADING) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021**

#### **2. Accounting policies (continued)**

##### **2.22 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

##### **2.23 Going concern**

At the time of approving the financial statements the directors have a reasonable expectation that the group 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.

##### **2.24 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

## KIRIL MISCHEFF (TRADING) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

#### 3. Accounting judgements and estimates

In the application of the Group's accounting policies, 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. Such estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

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

If the revision affects both current and future periods, the revision will impact both the period of the revision and future periods.

The directors consider that material estimates and judgements are applied in assessing the recoverable amount of trade debtors. The directors assess historic recovery rates and identify individual trade debtor balances that have passed their credit terms when assessing recoverable amount. Where individual balances are identified as past due the directors assess the balance on its own merits in assessing whether it is appropriate to recognise a bad debt or not against the balance.

The directors consider that material estimates and judgements are applied in assessing claim provisions. The directors assess the anticipated liability for individual claims occurred within the accounting period. Such claims are calculated based on all available information which are subject to varying degrees of assumptions. On satisfactory resolution of the claim, any excess or shortfall in provision is taken within profit and loss.

The directors consider that material estimates and judgements are applied in assessing the net realisable value of stock. The directors assess stock ageing and historic stock turn information to identify slow moving stock lines that may be at risk of not being realised in excess of their carrying value. Specific items identified as slow moving are subject to provision where the directors assess, based on their experience, that the stock line will not be realised at its carrying value.

#### 4. Turnover

The total turnover of the group for the year has been derived from its principle activity. The Board has not presented a geographical analysis of turnover as it is deemed it will be prejudicial to the interests of the Group.

#### 5. Other operating income

	2021 £000	2020 £000
JRS Grant income	44	264
External rental income	16	15
	<u>60</u>	<u>279</u>

**KIRIL MISCHEFF (TRADING) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**6. Operating profit**

The operating profit is stated after charging/(crediting):

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Depreciation of owned fixed assets	<b>307</b>	369
Amortisation of goodwill	<b>(8)</b>	(8)
Auditor's remuneration - audit services	<b>52</b>	51
Auditor's remuneration - other services	<b>7</b>	10
Operating lease charges - land and buildings	<b>25</b>	25
Profit on disposal of fixed assets	<b>(12)</b>	(20)
Net foreign exchange gains	<b>(42)</b>	(279)
	<u><b>307</b></u>	<u>369</u>

**7. Auditors' remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
Audit of the group subsidiaries	<b>52</b>	51
Tax services	<b>7</b>	10
	<u><b>59</b></u>	<u>61</u>

Auditor's remuneration relating to the Company are Nil (2020: £Nil). Audit remuneration is charged through subsidiary companies.

The 2021 audit fees were payable to the current auditor Armstrong Watson Audit Limited and the 2020 fees were payable to the previous auditor KPMG LLP.

**8. Staff costs**

The average number of employees of the group including directors during the year was:

	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
Office, management & trading	<b>126</b>	150
	<u><b>126</b></u>	<u>150</u>

Group employee costs including directors during the year:

# KIRIL MISCHEFF (TRADING) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	2021 £000	2020 £000
<b>Directors' remuneration</b>		
Salaries	2,218	1,936
Benefits in kind	82	79
Pension contributions	88	93
	<u>2,388</u>	<u>2,108</u>

There are 6 (2020: 6) directors accruing pension benefits under money purchase schemes.

The remuneration of the highest paid director was as follows:

	2021 £000	2020 £000
Salaries	874	734
Benefits in kind	16	15
Pension contributions	4	7
	<u>894</u>	<u>756</u>

### 9. Employees

	Group 2021 £000	Group 2020 £000
Wages and salaries	5,039	5,270
Social security costs	634	632
Cost of defined contribution scheme	355	361
	<u>6,028</u>	<u>6,263</u>

The Company has no employees other than the directors, who did not receive any remuneration (2020 - £NIL)

**KIRIL MISCHEFF (TRADING) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**10. Interest payable**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Bank interest (receivable)/payable	(7)	57
Other loan interest payable	2	5
	<u>(5)</u>	<u>62</u>

**11. Taxation**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Corporation tax</b>		
Current tax on profits for the year	589	520
Adjustments in respect of previous periods	-	9
	<u>589</u>	<u>529</u>
<b>Total current tax</b>	<u>589</u>	<u>529</u>
<b>Deferred tax</b>		
	50	(5)
<b>Total deferred tax</b>	<u>50</u>	<u>(5)</u>
<b>Taxation on profit on ordinary activities</b>	<u>639</u>	<u>524</u>

# KIRIL MISCHEFF (TRADING) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 11. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - *higher than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £000	2020 £000
Profit on ordinary activities before tax	2,484	2,722
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	472	517
Effects of:		
Capital allowances for year in excess of depreciation	167	-
Movement in tax rate	-	(23)
Short term timing difference leading to an increase in taxation	-	30
<b>Total tax charge for the year</b>	<b>639</b>	<b>524</b>

#### Factors that may affect future tax charges

An increase in the UK corporation tax rate from 19% to 25% was announced in the 2021 budget, this is scheduled to take effect from April 2023. The rate for small profits under £50,000 will remain at 19%, and there will be taper relief for businesses with profits between £50,000 and £250,000.

### 12. Profit for the year attributable to shareholders

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £459,000 (2020 - £1,511,000).

# KIRIL MISCHEFF (TRADING) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 13. Intangible assets

#### Group and Company

	Goodwill on acquisition of Bitage £000	Goodwill on acquisition of Holme Farm Group Holdings £000	Goodwill on acquisition of Unsoy £000	Total £000
<b>Cost</b>				
At 1 October 2020	357	(357)	300	300
At 30 September 2021	357	(357)	300	300
<b>Amortisation</b>				
At 1 October 2020	357	(306)	232	283
Charge for the year on owned assets	-	(51)	43	(8)
At 30 September 2021	357	(357)	275	275
<b>Net book value</b>				
At 30 September 2021	-	-	25	25
At 30 September 2020	-	(51)	68	17

Negative goodwill arose on the acquisition of Holme Farm Group Holdings Limited on 30 September 2014.

On 30 April 2015, Kiril Mischeff Limited acquired the stock and trade of Unsoy in the UK, which resulted in goodwill arising. Goodwill and negative goodwill is being amortised over a period of seven years.

KIRIL MISCHIEFF (TRADING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

14. Tangible fixed assets

Group

	Freehold property £000	Motor vehicles £000	Plant, equipment, fixtures and fittings £000	Investment Property £000	Total £000
<b>Cost or valuation</b>					
At 1 October 2020	3,828	922	2,142	250	7,142
Additions	6	-	19	-	25
Disposals	-	(78)	-	-	(78)
At 30 September 2021	3,834	844	2,161	250	7,089
<b>Depreciation</b>					
At 1 October 2020	947	662	1,503	-	3,112
Charge for the year on owned assets	45	145	122	-	312
Disposals	-	(73)	-	-	(73)
At 30 September 2021	992	734	1,625	-	3,351
<b>Net book value</b>					
At 30 September 2021	2,842	110	536	250	3,738
At 30 September 2020	2,882	260	639	250	4,031

The freehold property was last professionally revalued on 5 December 2016 by a third party on an open market value basis and the directors believe that this valuation is still valid at the current year end. This asset has a mixed use, in equal proportions, between freehold property and freehold investment property.



**KIRIL MISCHEFF (TRADING) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**15. Fixed asset investments**

**Group**

	<b>Investments in subsidiary companies £000</b>
<b>Cost or valuation</b>	
At 1 October 2020	275
At 30 September 2021	<u>275</u>
<b>Impairment</b>	
At 1 October 2020	201
Impairment on disposals	27
At 30 September 2021	<u>228</u>
<b>Net book value</b>	
At 30 September 2021	<u>47</u>
At 30 September 2020	<u>74</u>

**Company**

	<b>Investments in subsidiary companies £000</b>
<b>Cost or valuation</b>	
At 1 October 2020	670
At 30 September 2021	<u>670</u>
<b>Net book value</b>	
At 30 September 2021	<u>670</u>
At 30 September 2020	<u>670</u>

# KIRIL MISCHEFF (TRADING) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 15. Fixed asset investments (continued)

#### Direct subsidiary undertaking

The following was a direct subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Kiril Mischeff Limited	Broadwall House, 21 Broadwall, London, SE1 9PL	Import and distribution of food products	Ordinary	100%

#### Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
W Saunders (Shipping &Forwarding) Limited	Broadwall House, 21 Broadwall, London, SE19PL	Shipping and forwarding	Ordinary	100%
Bitage Limited	Enterprise House, Carlton Road, Workshop, Notting hamshire, S817QF	Provision of serviced offices	Ordinary	100%
EE & Brian (1928) Limited	Brook Farm, Dorton, Aylesbury, Buckin ghamshire, HP189NQ	Import and distribution of food products	Ordinary	100%
Holme Farm Group Holdings Limited	The Site Office, HolmeFarm, Swineshead, Lincolnshire , PE20 3NL	Investment holding company	Ordinary	100%
E.F.W Limited	The Site Office, HolmeFarm, Swineshead, Lincolnshire , PE20 3NL	Food processing and packaging	Ordinary	*100%
Holme Farm Marketing(Boston) Limited	The Site Office, HolmeFarm, Swineshead, Lincolnshire , PE20 3NL	Non-trading	Ordinary	*100%
Holme Farm Transport Limited	The Site Office, HolmeFarm, Swineshead, Lincolnshire , PE20 3NL	Non-trading	Ordinary	*100%
Holme Farm Fruits Limited	East Gormack, Blairgowrie, Perthshire, PH10 6TA	Food processing and packaging	Ordinary	**50%

# KIRIL MISCHEFF (TRADING) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 15. Fixed asset investments (continued)

#### Indirect subsidiary undertakings (continued)

\* Interest held by Holme Farm Group Holdings Limited

\*\* The company holds significant influence and not controlling influence with this entity treated as an associated undertaking.

All shares held in subsidiary companies are ordinary shares.

In the opinion of the directors, the aggregate value of the company's investment in the subsidiary is not less than the amount included in the balance sheet.

The aggregate of the share capital and reserves as at 30 September 2021 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
	£000	£000
W Saunders (Shipping & Forwarding) Limited	181	7
Bitage Limited	495	23
EE & Brian (1928) Limited	1,426	418
Holme Farm Group Holdings Limited	2,337	-
E.F.W Limited	(405)	62
Holme Farm Marketing(Boston) Limited	(93)	-
Holme Farm Transport Limited	1	-
Holme Farm Fruits Limited	3	-

### 16. Stock

	Group 2021 £000	Group 2020 £000
Finished goods and goods for resale	11,148	8,270
	<u>11,148</u>	<u>8,270</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Changes in finished goods recognised as cost of sales in the year amounted to £130,346,000 (2020 - £148,274,000)

**KIRIL MISCHEFF (TRADING) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**17. Debtors**

	<b>Group 2021 £000</b>	<i>Group 2020 £000</i>	<b>Company 2021 £000</b>	<i>Company 2020 £000</i>
Deferred tax asset	298	336	-	-
Trade debtors	29,886	29,187	-	-
Amounts owed by group undertakings	-	-	-	314
Other debtors	320	24	-	-
Financial asset from hedging instrument	23	202	-	-
Prepayments and accrued income	58	136	-	-
Corporation tax recoverable	147	11	-	-
	<b>30,732</b>	<b>29,896</b>	<b>-</b>	<b>314</b>

**18. Creditors: Amounts falling due within one year**

	<b>Group 2021 £000</b>	<i>Group 2020 £000</i>	<b>Company 2021 £000</b>	<i>Company 2020 £000</i>
Trade creditors	37,097	32,550	-	-
Finance leases	27	27	-	-
Amounts due to subsidiaries, joint ventures and associated undertakings	-	-	121	-
Other taxation and social security	767	744	-	-
Other creditors	-	189	-	25
Accruals and deferred income	9,772	7,915	-	-
	<b>47,663</b>	<b>41,425</b>	<b>121</b>	<b>25</b>

**19. Creditors: Amounts falling due after more than one year**

	<b>Group 2021 £000</b>	<i>Group 2020 £000</i>
Tenant deposits	8	8
	<b>8</b>	<b>8</b>

# KIRIL MISCHEFF (TRADING) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 20. Provisions

	£000
At 1 October 2020	2,502
Transfer from accruals	(768)
<b>At 30 September 2021</b>	<b>1,734</b>

Provisions relate to estimated liabilities in relation to the supply of products to customers. All provisions are expected to be settled after more than one year.

### 21. Share capital

	2021 £000	2020 £000
<b>Allotted, called up and fully paid</b>		
262,500 (2020 - 287,500) 'A' Ordinary shares of £0.10 each	26	29
37,500 (2020 - 37,500) 'B' Ordinary shares of £0.10 each	4	4
	<b>30</b>	<b>33</b>

'A' Ordinary share have full rights with regards to voting, participation and dividends. 'B' Ordinary shares have full rights with regards to voting and dividends with a limit on participation.

During the year 25,000 'A' Ordinary shares were acquired by the company and were subsequently cancelled.

### 22. Contingent liabilities

#### Group

At 30 September 2020 the group had outstanding forward foreign exchange contracts of £56,054,257 (2020: £64,885,552).

### 23. Pension commitments

The group operates a defined contribution pension scheme. The pension cost charge represents contributions payable by the group and amounted to £355,409 (2020: £360,526) for the year.

Contributions totaling £31,816 (2020: £32,204) were payable to the scheme at the year end and are included in creditors.

# KIRIL MISCHEFF (TRADING) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 24. Commitments under operating leases

At 30 September 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £000	Group 2020 £000
Not later than 1 year	25	25
Later than 1 year and not later than 5 years	69	94
	<b>94</b>	<b>119</b>

### 25. Cash flow hedges

The following table indicates the period which the cash flows associated with the cash flow hedging instruments are expected to occur as required by FRS 102.29(a) for the cash flow hedge accounting models.

	2021			2020		
	Carrying amount £000	Expected cash flows £000	1 year or less £000	Carrying amount £000	Expected cash flows £000	1 year or less £000
<b>Foreign exchange contracts:</b>						
Assets	23	23	23	202	202	202
Liabilities	-	-	-	-	-	-
	<b>23</b>	<b>23</b>	<b>23</b>	<b>202</b>	<b>202</b>	<b>202</b>

### 26. Related party transactions

At 30 September 2021 a loan of £278,250 (2020: £177,922) was due by a group company to Broadwall Properties Limited, a company controlled by RAR Mischeff.

At 30 September 2021 a loan of £44,065 (2020: £71,081) was due from Holme Farm Fruits Limited, an associate of the Group.

### 27. Controlling party

The group does not have an ultimate controlling party due to the shareholdings of the entity.