

Company Registration No. SC059981 (Scotland)

JB FOODS (SCOTLAND) LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MAY 2023

THE A9 PARTNERSHIP LIMITED

Chartered Accountants
Abercorn School
Newton
West Lothian
EH52 6PZ

JB FOODS (SCOTLAND) LTD

COMPANY INFORMATION

Directors	Mr J Brown Mrs C Brown Mrs C E Brown Mr L C Brown
Company number	SC059981
Registered office	Edgefield Industrial Estate Edgefield Road Loanhead Midlothian EH20 9TB
Auditor	The A9 Partnership Limited Abercorn School Newton West Lothian EH52 6PZ
Bankers	HSBC 76 Hanover Street Edinburgh EH2 1EL
Solicitors	Morton Fraser MacRoberts LLP Quartermile 2 2 Lister Square Edinburgh EH3 9GL

JB FOODS (SCOTLAND) LTD

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JB FOODS (SCOTLAND) LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MAY 2023

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

Review of the business

The principal activity of the business is the supply of high quality fresh, frozen, chilled and ambient products to a diverse range of customers.

The year to May 2023 saw the industry and company return more closely to pre pandemic activity levels. Though, due to the war in Ukraine and related macro-economic factors, the industry has faced other significant challenges including almost unprecedented levels of food price inflation plus material increases in utility costs and interest rates.

Whilst sales performance increased from £17m to £20m the above factors impacted on the company's profitability which saw an increase in operating profit but a reduction in profit before tax.

During the last three years the company has continued to invest in the development of its in-house butchery facility which has assisted the company in differentiating its position in the marketplace and continues to deliver significant new business.

Principal risks and uncertainties

The principal risk for the business in the short-term remains the macro-economic factors of inflation, utility costs and interest rates. The competitive nature of the trading environment remains a more general risk.

The directors, however, believe the company has dealt well with these risks over the last year and is well positioned to continue to do so.

The company has a diverse and loyal customer base and is not exposed to undue risk due to the failure of any one or small group of customers.

Membership of the Caterforce consortium and wholesale trade associations in addition to regular contact with suppliers ensures our awareness of changing conditions within the market and increases our ability to adapt, innovate and reduce risk.

Close control of stock and debtor levels have ensured that any risks relating to stock write off or bad debt are minimised. The directors believe current policies and monitoring are sufficiently robust to meet its objective of managing exposure to these risks.

Development and performance

COVID-19 forced the business to adapt to a new reality. The previous strategy of investment for growth was revised, with a new focus on servicing the most profitable channels and territories from a lower fixed cost base.

The directors believe the company has successfully navigated the COVID-19 pandemic and more recent macro-economic challenges. We do however continue to closely manage our cash flows and work in partnership with our bankers and other funders, to ensure we have access to sufficient working and investment capital to respond to any further instability in the market.

In summary, the directors are confident that the business is in a strong position to deliver successful performance and improved financial results over the coming years.

Key performance indicators

The company continues to analyse its development and performance through weekly, monthly and annual KPI's.

The directors monitor sales, gross margin, operating cost and working capital ratios and indicators. These are used to benchmark the business against competitors and to ensure profitable business performance.

JB FOODS (SCOTLAND) LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

Future Developments

In the current year the company has further developed its butchery offering by expanding its production capability. As a direct benefit, sales have continued to increase, and the company is currently delivering growth of 10% compared to 2023. The directors have chosen to continue to invest in butchery and related services to support their significant future growth ambitions accepting that the increased cost base will impact on financial performance in the short term.

On behalf of the board

Mr L C Brown
Director

26 February 2024

JB FOODS (SCOTLAND) LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2023

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

Results and dividends

The results for the year are set out on page 9.

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

Directors

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

Mr J Brown
Mrs C Brown
Mrs C E Brown
Mr L C Brown

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Auditor

The auditor, The A9 Partnership Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

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

Disclosure of information in the Strategic Report

We have chosen, in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's Strategic Report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. This includes information that would have been included in the Business Review and the principal risks and uncertainties.

Medium-sized companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the medium-sized companies exemption.

On behalf of the board

Mr L C Brown
Director

26 February 2024

JB FOODS (SCOTLAND) LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MAY 2023

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

JB FOODS (SCOTLAND) LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JB FOODS (SCOTLAND) LTD

Opinion

We have audited the financial statements of JB Foods (Scotland) Ltd (the 'company') for the year ended 31 May 2023 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

JB FOODS (SCOTLAND) LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF JB FOODS (SCOTLAND) LTD

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

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

Auditor's responsibilities for the audit of the financial statements

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

JB FOODS (SCOTLAND) LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF JB FOODS (SCOTLAND) LTD

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 identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud and money laundering and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006 and FRS 102.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates. Also, there is the risk of fraudulent misappropriation of: stock, cash or other assets.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included, but were not limited to:

- Discussing with management their policies and procedures regarding compliance with laws and regulations.
- Communicating identified laws and regulations throughout our 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.
- Reviewing legal fees incurred in the year for indications of non-compliance or litigation.

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

- Making enquiries of 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.
- Performing sales completeness testing and agreeing receipts from cash sales to subsequent bank lodgement.
- Attending the company's year end stock take and carrying out test counts of stock items to confirm physical existence

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulations. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission, or misrepresentation. The primary responsibility for the prevention and detection of irregularities including fraud rests with management.

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

JB FOODS (SCOTLAND) LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF JB FOODS (SCOTLAND) LTD

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mr Grant Thomson (Senior Statutory Auditor)
For and on behalf of The A9 Partnership Limited

26 February 2024

Chartered Accountants
Statutory Auditor

Abercorn School
Newton
West Lothian
EH52 6PZ

JB FOODS (SCOTLAND) LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MAY 2023

	Notes	2023 £	2022 £
Turnover	3	20,244,732	16,983,292
Cost of sales		(14,749,981)	(12,511,729)
Gross profit		5,494,751	4,471,563
Administrative expenses		(5,246,273)	(4,609,197)
Other operating income	3	62,517	408,209
Operating profit	5	310,995	270,575
Interest payable and similar expenses	7	(218,972)	(114,816)
Amounts written off investments		(900)	-
Profit before taxation		91,123	155,759
Tax on profit	8	(26,397)	(56,510)
Profit for the financial year		64,726	99,249
Other comprehensive income			
Revaluation of tangible fixed assets		75,000	158,030
Tax relating to other comprehensive income		63,561	(122,045)
Total comprehensive income for the year		203,287	135,234

The income statement has been prepared on the basis that all operations are continuing operations.

JB FOODS (SCOTLAND) LTD

STATEMENT OF FINANCIAL POSITION

AS AT 31 MAY 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Goodwill	10		35,000		60,000
Tangible assets	11		4,193,433		3,832,223
Investments	12		-		900
			<u>4,228,433</u>		<u>3,893,123</u>
Current assets					
Stocks	15	1,508,136		1,519,110	
Debtors	16	3,033,668		1,930,967	
Cash at bank and in hand		<u>788</u>		<u>799</u>	
		4,542,592		3,450,876	
Creditors: amounts falling due within one year	17	<u>(4,413,190)</u>		<u>(3,222,609)</u>	
Net current assets			<u>129,402</u>		<u>228,267</u>
Total assets less current liabilities			<u>4,357,835</u>		<u>4,121,390</u>
Creditors: amounts falling due after more than one year	19		(2,806,338)		(2,784,963)
Provisions for liabilities					
Deferred tax liability	21	<u>346,418</u>	<u>(346,418)</u>	<u>334,635</u>	<u>(334,635)</u>
Net assets			<u><u>1,205,079</u></u>		<u><u>1,001,792</u></u>
Capital and reserves					
Called up share capital	23		20,000		20,000
Revaluation reserve	24		442,483		303,922
Profit and loss reserves	25		<u>742,596</u>		<u>677,870</u>
Total equity			<u><u>1,205,079</u></u>		<u><u>1,001,792</u></u>

These financial statements have been prepared in accordance with the provisions relating to medium-sized companies.

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

Mr L C Brown
Director

Company registration number SC059981 (Scotland)

JB FOODS (SCOTLAND) LTD

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

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 June 2021	20,000	267,937	578,621	866,558
Year ended 31 May 2022:				
Profit	-	-	99,249	99,249
Other comprehensive income:				
Revaluation of tangible fixed assets	-	158,030	-	158,030
Tax relating to other comprehensive income	-	(122,045)	-	(122,045)
Total comprehensive income	-	35,985	99,249	135,234
Balance at 31 May 2022	20,000	303,922	677,870	1,001,792
Year ended 31 May 2023:				
Profit	-	-	64,726	64,726
Other comprehensive income:				
Revaluation of tangible fixed assets	-	75,000	-	75,000
Tax relating to other comprehensive income	-	63,561	-	63,561
Total comprehensive income	-	138,561	64,726	203,287
Balance at 31 May 2023	20,000	442,483	742,596	1,205,079

JB FOODS (SCOTLAND) LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2023

		2023		2022	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	30	496,724		426,446	
Interest paid		(218,972)		(114,816)	
Income taxes refunded		61		113	
Net cash inflow from operating activities		<u>277,813</u>		<u>311,743</u>	
Investing activities					
Purchase of tangible fixed assets		(434,535)		(74,034)	
Proceeds on disposal of tangible fixed assets		5,000		59,218	
Movement in directors' loans		(1,507)		3,440	
Net cash used in investing activities		<u>(431,042)</u>		<u>(11,376)</u>	
Financing activities					
Repayment of bank loans		(301,737)		(119,440)	
Proceeds of new HP agreements		281,147		-	
Repayment of HP obligations		(78,599)		(65,327)	
Net cash used in financing activities		<u>(99,189)</u>		<u>(184,767)</u>	
Net (decrease)/increase in cash and cash equivalents		<u>(252,418)</u>		<u>115,600</u>	
Cash and cash equivalents at beginning of year		(301,090)		(416,690)	
Cash and cash equivalents at end of year		<u><u>(553,508)</u></u>		<u><u>(301,090)</u></u>	
Relating to:					
Cash at bank and in hand		788		799	
Bank overdrafts included in creditors payable within one year		<u><u>(554,296)</u></u>		<u><u>(301,889)</u></u>	

JB FOODS (SCOTLAND) LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

Company information

JB Foods (Scotland) Ltd is a private company limited by shares incorporated in Scotland. The registered office is Edgefield Industrial Estate, Edgefield Road, Loanhead, Midlothian, EH20 9TB.

1.1 Accounting convention

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

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

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

The company has taken advantage of the provisions of section 405(2) of the Companies Act 2006 not to prepare consolidated accounts. The subsidiary undertaking has been omitted on the grounds of not being material for the purposes of giving a true and fair view. As a result the financial statements only refer to the parent undertaking.

1.2 Going concern

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

1.3 Turnover

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

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

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.5 Tangible fixed assets

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

JB FOODS (SCOTLAND) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

(Continued)

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

Land and buildings Freehold	Nil
Plant and machinery	15% reducing balance
Fixtures, fittings & equipment	15% reducing balance
Computer equipment	15% reducing balance
Motor vehicles	25% reducing balance

The company does not depreciate its land or buildings as the directors believe the residual value of the properties at least equals the current carrying values, therefore any depreciation would be nil. This is further supported by the independent valuation reports, which are periodically updated. The properties are subject to an ongoing cycle of repairs and maintenance to sustain the expected useful lives of the assets, which is expensed to the Statement of Comprehensive Income.

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

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

JB FOODS (SCOTLAND) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

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

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

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

1.9 Cash and cash equivalents

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

1.10 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

JB FOODS (SCOTLAND) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

JB FOODS (SCOTLAND) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.11 Equity instruments

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

1.12 Taxation

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

Current tax

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

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

1.13 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

JB FOODS (SCOTLAND) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

(Continued)

1.14 Employee benefits

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

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

The company operates a bonus plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

1.15 Retirement benefits

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

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

1.17 Government grants

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

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

JB FOODS (SCOTLAND) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Leases

Leases entered into by the company as lessee are classified as either operating or finance leases. The decision on how to classify a lease depends on an assessment of whether the risks and rewards of ownership have transferred from the lessor to the lessee on a lease by lease basis.

Asset Useful Lives

Fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Stock Obsolescence

Stock is valued at the lower of cost and estimated selling price. Estimated selling price includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgements to be made, which includes forecast consumer demand, the promotional, competitive and economic environment and inventory loss trends.

3 Turnover and other revenue

	2023 £	2022 £
Turnover analysed by class of business		
Sale of goods	20,244,732	16,983,292
	<u> </u>	<u> </u>
	2023 £	2022 £
Other significant revenue		
Grants received	-	339,747
Other operating income	62,571	68,462
	<u> </u>	<u> </u>

JB FOODS (SCOTLAND) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

4 Employees

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

	2023 Number	2022 Number
Distribution staff	53	49
Administration staff	27	27
Management staff	5	6
Total	85	82

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	2,583,497	2,307,865
Social security costs	249,949	218,011
Pension costs	41,092	39,206
	2,874,538	2,565,082

5 Operating profit

	2023 £	2022 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(339,747)
Fees payable to the company's auditor for the audit of the company's financial statements	16,450	17,620
Depreciation of owned tangible fixed assets	101,106	108,157
Depreciation of tangible fixed assets held under hire purchase agreements	30,730	14,987
Loss/(profit) on disposal of tangible fixed assets	11,488	(11,835)
Amortisation of intangible assets	25,000	25,000
Operating lease charges	421,495	436,466

6 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	266,506	242,030
Company pension contributions to defined contribution schemes	1,200	1,200
	267,706	243,230

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2022 - 1).

JB FOODS (SCOTLAND) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

6 Directors' remuneration (Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2023 £	2022 £
Remuneration for qualifying services	109,915	97,115
Company pension contributions to defined contribution schemes	1,200	1,200
	<u> </u>	<u> </u>

7 Interest payable and similar expenses

	2023 £	2022 £
Interest on financial liabilities:		
Interest on bank overdrafts and loans	210,986	110,911
Interest on finance leases and hire purchase contracts	7,986	3,905
	<u> </u>	<u> </u>
	<u>218,972</u>	<u>114,816</u>

8 Taxation

	2023 £	2022 £
Deferred tax		
Origination and reversal of timing differences	75,344	2,402
Changes in tax rates	-	32,722
Tax losses carried forward	(48,947)	21,386
	<u> </u>	<u> </u>
Total deferred tax	<u>26,397</u>	<u>56,510</u>

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

	2023 £	2022 £
Profit before taxation	<u>91,123</u>	<u>155,759</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 25.00% (2022: 19.00%)	22,781	29,594
Tax effect of expenses that are not deductible in determining taxable profit	6,750	(2,817)
Unutilised tax losses carried forward	49,172	-
Permanent capital allowances in excess of depreciation	(78,703)	13,711
Origination and reversal of timing differences	26,397	23,788
Losses utilised	-	(40,488)
Change in tax rates applicable to timing differences	-	32,722
	<u> </u>	<u> </u>
Taxation charge for the year	<u>26,397</u>	<u>56,510</u>

JB FOODS (SCOTLAND) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

8 Taxation

(Continued)

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2023 £	2022 £
Deferred tax arising on:		
Revaluation of property	(63,561)	122,045

9 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2023 £	2022 £
In respect of:			
Fixed asset investments	12	900	-
Recognised in:			
Amounts written off investments		900	-

The impairment losses in respect of financial assets are recognised in other gains and losses in the income statement.

10 Intangible fixed assets

	Goodwill £
Cost	
At 1 June 2022 and 31 May 2023	250,000
Amortisation and impairment	
At 1 June 2022	190,000
Amortisation charged for the year	25,000
At 31 May 2023	215,000
Carrying amount	
At 31 May 2023	35,000
At 31 May 2022	60,000

JB FOODS (SCOTLAND) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

11 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 June 2022	3,200,000	774,085	88,965	215,202	90,663	4,368,915
Additions	-	82,338	57,958	1,980	292,259	434,535
Disposals	-	(45,987)	-	(11,788)	-	(57,775)
Revaluation	75,000	-	-	-	-	75,000
At 31 May 2023	3,275,000	810,436	146,923	205,394	382,922	4,820,675
Depreciation and impairment						
At 1 June 2022	-	317,544	38,321	126,983	53,844	536,692
Depreciation charged in the year	-	76,359	10,202	13,480	31,795	131,836
Eliminated in respect of disposals	-	(35,401)	-	(5,885)	-	(41,286)
At 31 May 2023	-	358,502	48,523	134,578	85,639	627,242
Carrying amount						
At 31 May 2023	3,275,000	451,934	98,400	70,816	297,283	4,193,433
At 31 May 2022	3,200,000	456,541	50,644	88,219	36,819	3,832,223

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2023 £	2022 £
Plant and machinery	46,027	30,215
Fixtures, fittings & equipment	-	15,007
Motor vehicles	263,287	21,021
	309,314	66,243

The land and buildings were revalued on 9th May 2023 by DM Hall Chartered Surveyors, independent valuers, not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties. The valuation was £3.275m. The gain on revaluation of £75,000 was recorded in Other Comprehensive Income. The historic cost of the freehold land and buildings is £2,445,880 and any depreciation thereon would be nil, as the residual value exceeds the historic cost.

The freehold land and buildings have been pledged to secure borrowings of the company.

JB FOODS (SCOTLAND) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

12 Fixed asset investments

	Notes	2023 £	2022 £
Investments in subsidiaries	13	-	900

Movements in fixed asset investments

	Shares in subsidiaries £
Cost or valuation	
At 1 June 2022 & 31 May 2023	900
Impairment	
At 1 June 2022	-
Impairment losses	900
At 31 May 2023	900
Carrying amount	
At 31 May 2023	-
At 31 May 2022	900

13 Subsidiaries

Details of the company's subsidiaries at 31 May 2023 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Double"A" Ices Limited	England	Ordinary	100.00

The investments in subsidiaries are stated at cost less impairment.

14 Significant undertakings

The company also has significant holdings in undertakings which are not consolidated:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Caterforce Limited	England	Ordinary	12.50

The aggregate capital and reserves and the result for the year of significant undertakings noted above was as follows:

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
Caterforce Limited	NIL	1,700

JB FOODS (SCOTLAND) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

15 Stocks

	2023 £	2022 £
Goods for resale	1,508,136	1,519,110

16 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	2,235,848	1,494,652
Other debtors	313,204	308,178
Prepayments and accrued income	359,418	51,886
	2,908,470	1,854,716

	2023 £	2022 £
Amounts falling due after more than one year:		
Deferred tax asset (note 21)	125,198	76,251
Total debtors	3,033,668	1,930,967

17 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Bank loans and overdrafts	18	729,258	642,500
Obligations under HP and finance leases	20	75,340	30,255
Trade creditors		3,071,345	2,151,372
Corporation tax		508	448
Other taxation and social security		141,359	70,648
Accruals and deferred income		395,380	327,386
		4,413,190	3,222,609

JB FOODS (SCOTLAND) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

18 Loans and overdrafts

	2023 £	2022 £
Bank loans	2,819,176	3,120,913
Bank overdrafts	554,296	301,889
	<u>3,373,472</u>	<u>3,422,802</u>
Payable within one year	729,258	642,500
Payable after one year	<u>2,644,214</u>	<u>2,780,302</u>

Bank overdrafts and loans are secured by a floating charge over the company's assets and also 2 fixed charges over the company's land and buildings. A company director and shareholder has also provided a £100,000 personal guarantee over the Coronavirus Business Interruption Loan (CBILS).

Hire purchase debts are secured over the assets financed.

The £1.15m CBILS loan is repayable over 6 years at an interest rate of 3.99% plus Bank of England Base Rate, the first capital repayment occurred in July 2022. This was later refinanced in April 2023 when the principle amount owing was £934,375. Specifically, the loan term has been extended to 10 years and is repayable monthly until June 2030.

The £2.2m Commercial Mortgage Loan (CML) is repayable over 15 years, with a 3-year committed term, at an interest rate of 2.7% plus Bank of England Base Rate. This was refinanced in April 2023 when the loan amount owing was £1,910,000.

19 Creditors: amounts falling due after more than one year

	Notes	2023 £	2022 £
Bank loans and overdrafts	18	2,644,214	2,780,302
Obligations under HP and finance leases	20	162,124	4,661
		<u>2,806,338</u>	<u>2,784,963</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	268,498	1,306,078
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JB FOODS (SCOTLAND) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

20 HP and Finance lease obligations

	2023 £	2022 £
Future minimum lease payments due under finance agreements		
Within one year	86,807	32,426
In two to five years	186,434	5,414
	<u>273,241</u>	<u>37,840</u>
Less: future finance charges	(35,777)	(2,924)
	<u>237,464</u>	<u>34,916</u>

HP payments represent rentals payable by the company for certain items of plant, machinery and motor vehicles. The terms range from 3 to 5 years. All agreements are on a fixed repayment basis.

21 Deferred taxation

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

	Liabilities 2023 £	Liabilities 2022 £	Assets 2023 £	Assets 2022 £
Balances:				
Accelerated capital allowances	287,934	212,590	-	-
Tax losses	-	-	125,198	76,251
Revaluations	58,484	122,045	-	-
	<u>346,418</u>	<u>334,635</u>	<u>125,198</u>	<u>76,251</u>
Movements in the year:				2023 £
Net Liability at 1 June 2022				258,384
Charge to profit or loss				26,397
Credit to other comprehensive income				(63,561)
Net Liability at 31 May 2023				<u>221,220</u>

It is not possible to reliably measure the net reversal of deferred tax liabilities expected to occur during the next reporting period. There is no time limit on the utilisation of the deferred tax timing differences. The main rate of corporation tax in the UK was increased to 25% from 1st April 2023 and the deferred tax balances have been calculated at this rate.

Deferred tax is recognised in respect of tax losses carried forward amounting to £500,793.

JB FOODS (SCOTLAND) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

22 Retirement benefit schemes

	2023	2022
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	41,092	39,206

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

23 Share capital

	2023	2022	2023	2022
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	20,000	20,000	20,000	20,000

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. All ordinary shares rank equally with regard to the company's residual assets.

24 Revaluation reserve

This reserve records the net gains on revaluing freehold property to its fair value, net of deferred tax.

25 Profit and loss reserves

This reserve records retained earnings net of accumulated losses.

26 Operating lease commitments

Lessee

The company has various vehicle leasing arrangements for periods ranging up to 4 years. There are no purchase options or contingent rentals payable or significant restrictions imposed by the lessors.

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

	2023	2022
	£	£
Within one year	238,021	267,992
Between two and five years	255,324	402,273
	493,345	670,265

JB FOODS (SCOTLAND) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

27 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2023 £	2022 £
Acquisition of tangible fixed assets	-	79,964

28 Directors' transactions

Dividends totalling £0 (2022 - £0) were paid in the year in respect of shares held by the company's directors.

The below loans are: unsecured, interest free and there are no fixed terms for repayment.

Description	% Rate	Opening balance £	Amounts advanced £	Closing balance £
Director's Current Account	-	-	137	137
Director's Current Account	-	65,986	1,370	67,356
		65,986	1,507	67,493

29 Ultimate controlling party

The company was under the control of Mr T J Brown, a director, and members of his close family during the current and previous year.

30 Cash generated from operations

	2023 £	2022 £
Profit for the year after tax	64,726	99,249
Adjustments for:		
Taxation charged	26,397	56,510
Finance costs	218,972	114,816
Loss/(gain) on disposal of tangible fixed assets	11,488	(11,835)
Amortisation and impairment of intangible assets	25,000	25,000
Depreciation and impairment of tangible fixed assets	131,836	123,144
Amounts written off investments	900	-
Movements in working capital:		
Decrease/(increase) in stocks	10,975	(437,526)
Increase in debtors	(1,052,248)	(642,933)
Increase in creditors	1,058,678	1,100,022
Cash generated from operations	496,724	426,446

JB FOODS (SCOTLAND) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

31 Analysis of changes in net debt

	1 June 2022 £	Cash flows £	31 May 2023 £
Cash at bank and in hand	799	(11)	788
Bank overdrafts	(301,889)	(252,407)	(554,296)
	(301,090)	(252,418)	(553,508)
Borrowings excluding overdrafts	(3,120,913)	301,737	(2,819,176)
Obligations under HP and finance leases	(34,916)	(202,548)	(237,464)
	(3,456,919)	(153,229)	(3,610,148)

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.