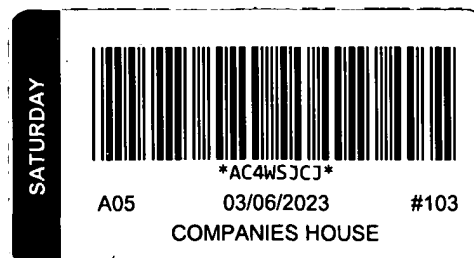


**Vibrant Brands Limited (formerly East End Foods  
Limited)**

**Annual report and financial statements  
for the year ended 31 December 2021**

**Registered number: 01159183**



# **Vibrant Brands Limited**

## **Annual report and financial statements for the year ended 31 December 2021**

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# **Vibrant Brands Limited**

## **Directors and advisors**

### ***Directors***

Nicholas John Pike – appointed 24 March 2023

Michael Edward Hall – appointed 24 March 2023

### ***Registered office***

East End House

Kenrick Way

West Bromwich

West Midlands

B71 4EA

### ***Independent auditors***

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

One Chamberlain Square

Birmingham

B3 3AX

### ***Bankers***

HSBC Bank Plc

328 High Street

West Bromwich

West Midlands

B70 8DL

NatWest Bank Plc

Chatham Customer Service Centre

Western Avenue,

Waterside Court,

Chatham Maritime

Chatham,

Kent,

ME4 4RT

HSBC Bank Plc

2-6 Gallowtree Gate,

Leicester,

LE1 1DA

### ***Registered number***

01159183 (England & Wales)

# **Vibrant Brands Limited**

## **Strategic report for the year ended 31 December 2021**

### **Introduction**

The Strategic Report has been prepared by the Directors to provide additional information in respect of the Company's strategies and business objectives.

The Strategic report contains forward-looking statements, which have been made in good faith by the Directors based on information available up to the point of approval of this report. Therefore, there are inherent uncertainties involved in making these statements, including both economic and business risk factors.

### **Business Model**

The company of Vibrant Brands Limited comprises several brands operating as a wholesale & retail business both within the UK and export primarily to Europe.

### **Key Performance Indicators**

As a result of the Company's strategy to focus on its core business, and therefore dispose of certain non-core assets, turnover year in year has reduced by £56.7 million to £82.5 million (2020: £139.2 million).

The key performance indicators for the company include turnover, gross margin, operating profit which are stated in our Comprehensive Income Statement. Non-financial key performance indicators include health and safety, quality, technical performance, order intake, fulfilment and demand forecast. The financial position of the group and company at the end of the year is given in the Consolidated and Company Balance Sheets.

### **Principal risks and uncertainties**

The company's activities expose it to a number of financial risks. The company's customers are either UK based or European in origin. The majority of income is received in sterling or euro. A significant proportion of purchases are in US \$. The Group manages this risk by hedging where appropriate although this ends in October 2023 and any new deals have to be agreed with HSBC.

The company manages liquidity risk by forecasting on a 13 week basis and an annual budget. The company's customers are for 25% of the business large supermarket chains. For the remaining 75% of the business its sales are to independent traders and there is a risk of bad debts. The suppliers are spread across a large number of businesses. The supply is managed by monitoring suppliers and paying when they request. This exposes the Group to a supplier risk as the Group has limited credit insurance. This is managed by paying suppliers regularly.

Health and safety risks in operations are subject to the group's procedures and are reported at board level.

### **Going Concern**

The company is a member of the Vibrant Topco Limited group ('the Group'), forms part of the Group's banking arrangements and is reliant on the funding facilities held by Vibrant Foods Limited and Vibrant Debtco Limited, intermediate parent companies of the company.

The Group's activities and recent trading performance, together with the factors likely to affect its future development and performance, as well as the Group's approach to credit risk, cash flows and liquidity risks are set out in the Strategic Report for the Group and The Company.

# Vibrant Brands Limited

In preparing the financial statements on a going concern basis the Directors have considered the following:

- Financial Forecasts for the Group prepared to 30 September 2024
- The profile of the facilities and the need for further funding to meet its liability and debt obligations in September 2023. This further funding is agreed but subject to due diligence.
- The operational improvements that are being implemented across the business to deliver the above forecasts.

The base case financial forecasts represent a board approved budget which have underpinned the refinancing exercise signed in May 2023. The forecasts have been prepared to September 2024 recognising the current trading conditions and inflationary pressures, operational efficiencies, restructuring program and transition of warehousing and distribution to new providers. They include expected price increases from current negotiations. The Group's forecasts assume funding facilities that are approved but subject to completion of the due diligence will be available when needed. The Group funding requirements are sufficient based on these forecasts and assuming the due diligence is satisfactorily completed to take it to September 2024 including compliance with the liquidity banking covenants tests.

The Directors have prepared forecasts through to September 2024 which have been stress-tested to reduce consumer demand or lower gross margins. ("Downside Forecasts"). In each case the Group and the Company would have sufficient liquidity to meet its liabilities as they fall due for at least 12 months from the date of signing the accounts. There is potential for a breach of its financial covenants beyond June 2024 under the downside forecasts with a need to renegotiate the terms with external lenders. A severe but plausible downside risk being a combination of the above factors, before management taking mitigating actions, would potentially require additional funding.

The need for due diligence to be satisfactorily completed to provide required funding and the risks of not achieving required increases of gross margin, resulting in breached covenants and additional funding being sought outlined above means there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, and hence also that of the company which is reliant on the support of its parent.

Notwithstanding the risks, for the reasons outlined, the Directors have a reasonable expectation that the due diligence will be completed by 31 August 2023 and that it will result in a satisfactory outcome which will then enable the company to obtain the required cash. This will provide the Company with adequate resources to meet its liabilities as they fall due for the foreseeable future, being a period of at least 12 months from the date these financial statements are approved. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements. These financial statements do not contain any adjustment that would arise if the financial statements were not drawn up on a going concern basis

## Streamline Energy & Carbon Reporting

The energy use and associated greenhouse gas emissions have been included in the accounts of the parent company, Vibrant Foods Limited.

The Group's 2021 GHG emissions were calculated and reported based on the 'The Greenhouse Gas Protocol: GHG Protocol: A Corporate Accounting and Reporting Standard – Revised Edition' (GHG Protocol). We followed an operational control approach and used data from sites and vehicles associated with seven entities within the group, for the periods within 2021 when their operations were under the group's control. Data about electricity, gas, and fuel came from invoices or accounting entries for related costs over the year. All data was converted to MWh and tCO<sub>2</sub>e using the relevant government conversion factors. All of our energy use is based in the UK, we have no manufacturing or office facilities under our control outside of the UK. In 2021, we increased

# Vibrant Brands Limited

procurement of energy on a green tariff (resulting in lower CO2e emissions when using a market-based calculation approach).

	Change (%)	FY2021	FY2020
Total Scope 1 & 2 emissions - gross location based (tCO2e)	9.1%	4,513.42	4,135.79
Total Scope 1 & 2 emissions - net market based (tCO2e)		3,689.41	
Intensity Ratio - gross location based ( tCO2e per FTE )	-18.2%	5.88	7.19
Intensity Ratio - net market based ( tCO2e per FTE )		4.81	
Total energy usage (MWh)	5.1%	20,364.20	19,367.47

## Directors' statement of compliance with the duty to promote the success of the Group.

Section 172 of the Act requires directors to act in a way that they consider, in good faith, would be, most likely to promote the success of a company. In doing so, the directors must take into consideration the interests of the various stakeholders of the Company, the impact of the Company's operations on the community and the environment, take a long-term view on decisions they make as well aiming to maintain a reputation for high standards and fair treatment between the members of the Company. In accordance with the Companies (Miscellaneous Reporting) Regulations 2018, the Company explains below how the directors have discharged their duty under section 172.

- **Employees** Employee engagement is important to our success. We strive to put in place a diverse and inclusive workplace where every employee can reach their potential. We work with our people to ensure we are delivering to their expectations and making the correct business decisions.
- **Customers** We maintain a high degree of customer contact to anticipate the future needs of customers. We collaborate and innovate with our customers to improve product performance.
- **Suppliers.** We engage with our suppliers to build a relationship from which we can mutually benefit to ensure they are performing to our standards and conducting business to our expectations.
- **Shareholders and lenders.** We work to ensure our shareholders and lenders have a good understanding of our strategy and performance.
- **Governing bodies and regulators.** We engage with government agencies and key regulatory bodies to ensure we have the licences to operate safely and ensure regulatory compliance. We work with local and governments and health agencies where we have operations.
- **Communities.** We are committed to building positive relations with the communities in which we operate.
- **Culture.** The Board are responsible for the overall effectiveness in directing the Company and promoting a culture of openness and debate. The Directors are required to act with integrity, lead by example and promote this culture within the Company.

The Strategic report and the financial statements on pages 10 to 31 were approved by the Board of Directors on 01 June 2023 and signed on its behalf by



M E Hall  
Director

# Vibrant Brands Limited

## Directors' report for the year ended 31 December 2021

### Directors Report

The directors present their report and the audited financial statements for the year to 31 December 2021.

### Results and dividends

The loss for the year to 31 December 2021, after taxation, amounted to £4.048 million. (2020: £15.236 million)

### Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Jeremy Stuart Hudson	– resigned 29 March 2023
Umesh Purshottam Parmar	– resigned 24 March 2023
Rohit Samani	– resigned 24 March 2023
Devender Singh Wouhra	– resigned 8 July 2021
Roger Deep Wouhra	– resigned 8 July 2021
Nicholas John Pike	– appointed 24 March 2023
Michael Edward Hall	– appointed 24 March 2023

### Principal risks and uncertainties

These are included and considered within the principal risks and uncertainties section in the Strategic report.

### Engagement with Employees

Employee engagement is important to our success. We work to create a diverse and inclusive workplace where every employee can reach their full potential and be at their best.

We engage with, consult and provide information to our staff through a variety of methods including notice boards, presentations and emails.

### Disabled Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the group and the company that the training, career development and promotion of disabled persons should, as far as possible be identical to that of other employees.

### Directors' responsibilities statement

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

# Vibrant Brands Limited

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair of the state of affairs of the group and company 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 and then apply them consistently.
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements.
- Make judgements and accounting estimates that are reasonable and prudent.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The Directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the groups and company transactions and enable them to ensure that the financial statements comply with the Companies Act 2006.

## Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

The Directors report and the financial statements on pages 10 to 31 were approved by the Board of Directors on 01 June 2023 and signed on its behalf by



M E Hall

Director



# Vibrant Brands Limited

# Independent auditors' report to the members of Vibrant Brands Limited (formerly East End Foods Limited)

## Report on the audit of the financial statements

### Opinion

In our opinion, Vibrant Brands Limited (formerly East End Foods Limited)'s financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: Statement of Financial Position as at 31 December 2021; Statement of Comprehensive Income and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the company's ability to continue as a going concern. The directors have prepared cash flow forecasts to September 2024 which assume the completion of a required refinancing arrangement, providing additional funding to the company's parent companies on which the company is reliant for support. An agreement for refinancing has been signed but is subject to a satisfactory outcome of due diligence to be completed by 31 August 2023. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a 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.

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

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover

# Vibrant Brands Limited

the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for 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.

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.

### Auditors' 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 auditors' 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation and Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management to enquire of any known instances of non-compliance with Laws and Regulations and Fraud
- Reading board minutes for evidence of breaches of regulations and reading relevant correspondence
- Challenging assumptions and judgements made by management in their significant accounting estimates

## Vibrant Brands Limited

- Identifying and testing journal entries, in particular journal entries posted with unexpected account combinations
- Incorporating unpredictability into the nature, timing and/or extent of our testing

*There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.*

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Neil Philpott (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Birmingham

01 June 2023

# Vibrant Brands Limited

## Statement of Comprehensive Income for the year ended 31 December 2021

	Notes	Year ended 31.12.2021 Total £
Turnover	4	82,500,468
Cost of sales		(62,837,600)
<b>Gross profit</b>		19,662,868
Distribution costs		(3,854,678)
Administrative expenses		(15,273,133)
Other operating income		23,071
<b>Operating profit</b>	5	558,128
Finance Income	7	3,186,484
Finance Costs	8	(33,422)
<b>Profit before taxation</b>		3,711,190
Tax on profit	9	336,871
<b>Profit for the financial year</b>		4,048,061

The accounting policies and the notes on pages 14 to 31 form part of these financial statements.

# Vibrant Brands Limited

## Statement of Comprehensive Income for the year ended 31 December 2021

	Notes	Year ended 31.12.2020 Continuing £	Year ended 31.12.2020 Discontinued £	Year ended 31.12.2020 Total £
Turnover	4	72,662,039	66,495,009	139,157,048
Cost of sales		(48,984,345)	(60,955,593)	(109,939,938)
<b>Gross profit</b>		23,677,694	5,539,416	29,217,110
Distribution costs		(4,079,456)	(1,409,183)	(5,488,639)
Administrative expenses		(2,224,893)	(2,679,651)	(4,904,544)
Other operating income		10,545	-	10,545
<b>Operating profit</b>	5	17,383,890	1,450,582	18,834,472
Finance Income	7	16,443	-	16,443
Finance Costs	8	(2,785,005)	-	(2,785,005)
<b>Profit before taxation</b>		14,615,328	1,450,582	16,065,910
Tax on profit	9	(829,639)	-	(829,639)
<b>Profit for the financial year</b>		13,785,689	1,450,582	15,236,271

# Vibrant Brands Limited

## Statement of Financial Position as at 31 December 2021

		31.12.2021	31.12.2020
	Note	£	£
<b>Fixed assets</b>			
Intangible assets	10	29,221	21,290
Tangible assets	11	8,144,469	4,136,669
		<b>8,173,690</b>	<b>4,157,959</b>
<b>Current assets</b>			
Stocks	12	35,630,422	11,128,761
Debtors	13	47,269,256	34,231,983
Cash at bank and in hand		2,855,742	6,305,319
		<b>85,755,420</b>	<b>51,666,063</b>
Creditors: amounts falling due within one year	14	(53,743,886)	(20,006,005)
<b>Net current assets</b>		<b>32,011,534</b>	<b>31,660,058</b>
<b>Total assets less current liabilities</b>		<b>40,185,225</b>	<b>35,818,017</b>
Creditors: amounts falling due after more than one year	15	(35,431)	(72,097)
Provision for liabilities	17	(464,633)	(108,821)
Total		<b>(500,064)</b>	<b>(180,918)</b>
<b>Net assets</b>		<b>39,685,160</b>	<b>35,637,099</b>
<b>Capital and reserves</b>			
Called up share capital	18	200,000	200,000
Profit and loss account		39,485,160	35,437,099
<b>Total shareholders' funds</b>		<b>39,685,160</b>	<b>35,637,099</b>

The accounting policies and the notes on pages 14 to 31 form part of these financial statements.

These financial statements on pages 10 to 31 were approved by the directors and authorised for issue on 01 June 2023 and are signed on their behalf by:

  
Michael Edward Hall

Director

Registered Number: 01159183

## Vibrant Brands Limited

### Statement of Changes in Equity for the Year Ended 31 December 2021

	Called Up Share Capital	Profit and loss account	Total shareholders' funds
	£	£	£
Balance as at 1 January 2021	200,000	35,437,099	35,637,099
Profit for the financial year	-	4,048,061	4,048,061
Total comprehensive income for the year	-	4,048,061	4,048,061
<b>Balance as at 31 December 2021</b>	<b>200,000</b>	<b>39,485,160</b>	<b>39,685,160</b>

	Called Up Share Capital	Profit and loss account	Total shareholders' funds
	£	£	£
Balance as at 1 January 2020	200,000	20,200,828	20,400,828
Profit for the financial year	-	15,236,271	15,236,271
Total comprehensive income for the year	-	15,236,271	15,236,271
<b>Balance as at 31 December 2020</b>	<b>200,000</b>	<b>35,437,099</b>	<b>35,637,099</b>

The accounting policies and the notes on pages 14 to 31 form part of these financial statements.

# Vibrant Brands Limited

## Notes to the financial statements for the year ended 31 December 2021

### 1 General Information

Vibrant Brands Limited is a private limited company limited by shares incorporated in United Kingdom under the Companies Act. The address of the registered office is given on the Directors and advisors page and the nature of the Company's operations and its principal activities are set out in the strategic report.

### 2 Statement of compliance

The individual financial statements of Vibrant Brands Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102. "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS102") and the Companies Act 2006.

### 3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The Company has applied FRS102 in these financial statements.

#### *Basis of preparation*

The financial statements have been prepared on the going concern basis under the historical cost convention as modified by the recognition of certain financial assets and liabilities measured at fair value, and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards.

The principal accounting policies of the Company have been applied consistently with the prior years.

#### *Going concern*

The Group's activities and recent trading performance, together with the factors likely to affect its future development and performance, as well as the Group's approach to credit risk, cash flows and liquidity risks are set out in the Strategic Report for the Company.

In preparing the financial statements on a going concern basis the Directors have considered the following at a Vibrant Group level:

- Financial Forecasts for the Group prepared to 30 September 2024
- The profile of the facilities and the need for further funding to meet its liability and debt obligations in September 2023. This further funding is agreed but subject to due diligence.
- The operational improvements that are being implemented across the business to deliver the above forecasts.

The base case financial forecasts representing board approved budget which have underpinned the refinancing exercise signed in May 2023. The forecasts have been prepared to September 2024 recognizing the current trading conditions and inflationary pressures, operational efficiencies, restructuring program and transition of warehousing and distribution to new providers. They include expected price increases from current negotiations. The Group's funding facilities assume that the funding approved but subject to due diligence does complete. The Group funding requirements are sufficient based on these forecasts and assuming the due diligence is satisfactorily completed to take it to September 2024 including compliance with the liquidity banking covenants tests.



# Vibrant Brands Limited

## Notes to the financial statements for the year ended 31 December 2021 (Continued)

### 3 Summary of significant accounting policies (continued)

#### *Going concern (continued)*

The Directors have prepared forecasts through to September 2024 which have stress-tested the forecasts to reduce consumer demand and lower gross margins. ("Downside Forecasts"). In each case the Group and the Company would have sufficient to meet its liabilities as they fall due for at least 12 months from the date of signing the accounts. They are potential for material breach of its financial covenants beyond June 2024 and need to renegotiate the terms with external lenders. A severe but plausible downside risk being a combination of the above factors, before management taking mitigating actions, would potentially require additional funding.

The need for due diligence to be satisfactorily completed and the risks outlined means there is a material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

Notwithstanding the risks, for the reasons outlined, the Directors have a reasonable expectation that the due diligence will be completed by 31 August 2023 and that it will result in a satisfactory outcome which will then enable the company to obtain the required cash. This will provide the Company with adequate resources to meet its liabilities as they fall due for the foreseeable future, being a period of at least 12 months from the date these financial statements are approved. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements. These financial statements do not contain any adjustment that would arise if the financial statements were not drawn up on a going concern basis

#### *Exemptions of qualifying entities under FRS102*

The Company has taken advantage of the following exemptions on the basis that the information is included in the consolidated financial statements the Company's parent undertaking, Vibrant Foods Limited a company registered in the United Kingdom:

- From preparing a statement of cash flows;
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- From disclosing the Company key management personnel compensation, as required by FRS102 paragraph 33.7.
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;

The consolidated financial statements of Vibrant Foods Limited can be obtained from Companies House.

#### *Turnover recognition*

Turnover is measured at fair value of the consideration received or receivable and represents the amount received for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Company and value added taxes. The Company recognises revenue when a) the significant risk and rewards of ownership have been transferred to the buyer and b) when the specific criteria relating to the each of the sales channels have been met as described below.

##### **Sale of goods - Wholesale of East End brand goods**

The Company buys stock from around the world which it cleans, grinds and packs under the East End Foods Limited label to be sold to the retailers. The sale of goods is recognised on despatch to the retailers.

The sale is normally on credit terms which varies in accordance with the Company's credit policy.

##### **Other operating income**

The Company periodically hires out car park facilities at its Kenrick Way site. This income is recognised on a cash basis.

# Vibrant Brands Limited

## Notes to the financial statements for the year ended 31 December 2021 (Continued)

### 3 Summary of significant accounting policies (continued)

#### *Tangible fixed assets and depreciation*

Tangible Fixed assets are shown at historic cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land by the reducing balance method over their expected useful lives. The rates generally applicable are:

Freehold property	-	4% reducing balance
Leasehold property	-	4% reducing balance
Plant and machinery	-	15% reducing balance
Motor vehicles	-	25% reducing balance

#### *Intangible fixed assets*

Intangible assets are stated at cost less amortisation and consist of patents and trademarks acquired. Amortisation is provided on a straight line basis at rates which are estimated to write off the intangible asset over its useful life.

Patents & trademarks	-	4% straight line balance
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#### *Stocks*

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. In general, cost is determined on a first in first out basis. Net realisable value is based on estimated selling prices less any further costs expected to be incurred.

#### *Taxation*

Corporation tax payable is provided on taxable profits at the current rate. Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

#### *Foreign currency*

Transactions in foreign currencies are translated at the exchange rate ruling at the date of transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included in the profit and loss account.

#### *Operating Leases*

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

#### *Pension scheme*

The Company contributes to two defined contribution pension schemes. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the schemes.

# **Vibrant Brands Limited**

## **Notes to the financial statements for the year ended 31 December 2021 (Continued)**

### **Summary of significant accounting policies (continued)**

#### ***Government grants***

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets in equal annual instalments.

Government grants of a revenue nature are credited to the profit and loss account in the same year as the related expenditure.

#### ***Financial instruments***

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### **Financial assets**

Basic financial assets, including trade and other debtors, amounts owed by group undertakings and cash and bank balances, are initially recognised at transaction price, 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. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 the income statement.

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 the income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled; or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party; or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### **Financial liabilities**

Basic financial liabilities, including trade and other creditors, bank loans and overdrafts, amounts owed to group undertakings and accruals, 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 receipts discounted at a market rate of interest. 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. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

# **Vibrant Brands Limited**

## **Notes to the financial statements for the year ended 31 December 2021**

### **3 Summary of significant accounting policies (continued)**

#### ***Financial instruments (continued)***

##### **Offsetting**

Financial assets and liabilities are offset and 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.

##### ***Share capital***

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

##### ***Cash and cash equivalents***

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

##### ***Critical accounting judgements and estimation uncertainty***

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### ***Critical accounting estimates and assumptions***

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

##### ***Useful economic lives of tangible fixed assets***

The useful economic lives and residual values of tangible fixed assets are estimated based on economic utilisation and physical condition of the assets and are amended when necessary resulting in changes to the annual depreciation charge. The directors consider that the useful economic lives and residual values are appropriate.

##### ***Inventory provisioning***

The Company imports raw materials which are then packed under the East End brand. As a result it is necessary to consider the recoverability of the costs of inventory and associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions and anticipated saleability of finished goods and future usage of raw materials.

##### ***Impairment of debtors***

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

# Vibrant Brands Limited

## Notes to the financial statements for the year ended 31 December 2021 (Continued)

### 4 Turnover

The turnover is attributed to the wholesale distribution of food.

An analysis of turnover by geographical market is included below. All sales originate in the UK. The principal activities of the Company and their respective contributions to turnover for the financial years allocated by destination of output were:

Year ended 31.12.2021		Turnover
Wholesale distribution of food		
		Total £
United Kingdom		77,703,202
Rest of the world		-
Europe		4,797,266
		<b>82,500,468</b>

Year ended 31.12.2020		Turnover	
Wholesale distribution of food			
	Continuing £	Discontinued £	Total £
United Kingdom	64,194,519	66,495,009	130,689,528
Rest of the world	1,738	-	1,738
Europe	8,465,782	-	8,465,782
	<b>72,662,039</b>	<b>66,495,009</b>	<b>139,157,048</b>

# Vibrant Brands Limited

## Notes to the financial statements for the year ended 31 December 2021 (Continued)

### 5 Operating profit

Operating profit is stated after charging/(crediting):

	Year ended 31.12.2021	Year ended 31.12.2020
	£	£
<b>Services provided by the Company's auditors:</b>		
Fees payable for the audit of the Company	70,400	48,000
Depreciation of owned tangible fixed assets (note 11)	568,726	493,398
Amortisation of intangible fixed assets (note 10)	1,229	1,229
Hire of plant and machinery under operating lease	493,148	411,193
Land and buildings rentals	390,000	697,644
Profit on disposal of tangible fixed assets	-	(916)
Amortisation of Government grant	(36,666)	(36,666)
Foreign currency loss	491,659	740,548
Impairment of trade receivables	516,139	-
Reversal of impairment of trade receivables	-	(1,000,647)
Reduction of inventory provision	(512,836)	(677,328)
Profit on disposal of trade and assets	-	(7,760,146)

In accordance with SI 2008/489 the Company has not disclosed the fees payable to the Company's auditors for 'Other services' as this information is included in the consolidated financial statements of Vibrant Foods Limited, the Company's immediate parent.

# Vibrant Brands Limited

## Notes to the financial statements for the year ended 31 December 2021 (Continued)

### 6 Directors and employees

	Year ended 31.12.2021 £	Year ended 31.12.2020 £
Wages and salaries	8,276,121	8,785,860
Social security costs	741,180	562,307
Other pension costs (note 20)	123,697	154,327
	<b>9,140,998</b>	<b>9,502,494</b>

The average monthly number of employees of the Company during the year was:

	Year ended 31.12.2021 Number	Year ended 31.12.2020 Number
Directors	-	5
Production	179	190
Administration	60	65
	<b>239</b>	<b>260</b>

Remuneration in respect of directors was as follows:

	Year ended 31.12.2021 £	Year ended 31.12.2020 £
Aggregate emoluments	-	139,103

Pension in respect of directors was as follows:

	Year ended 31.12.2021 £	Year ended 31.12.2020 £
Pension contributions to money purchase pension schemes	-	600

During the year the directors were remunerated by Vibrant Foods Limited, the parent company of Vibrant Brands Limited. The amount paid in respect of the directors' services to the Company during the year amounted to £722,231.

# Vibrant Brands Limited

## Notes to the financial statements for the year ended 31 December 2021 (Continued)

### 6 Directors and employees (continued)

During the year, no director (year ended 31 December 2020: 1) participated in money purchase pension schemes.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	Year ended 31.12.2021 £	Year ended 31.12.2020 £
Total amounts of emoluments	-	139,703

### 7 Finance Income

	Year ended 31.12.2021 £	Year ended 31.12.2020 £
Other interest	-	16,443
Results on derivatives	3,186,484	-
	3,186,484	16,443

The other interest relates to interest received from bank deposits.

### 8 Finance Costs

	Year ended 31.12.2021 £	Year ended 31.12.2020 £
Other interest	33,422	26,797
Results on derivatives	-	2,758,208
	33,422	2,785,005



# Vibrant Brands Limited

## Notes to the financial statements for the year ended 31 December 2021 (Continued)

### 9 Tax on profit

(a) The tax charge is based on the profit before taxation and represents:

	Year ended 31.12.2021 £	Year ended 31.12.2020 £
United Kingdom corporation tax for the year	(112,930)	839,676
Adjustments in respect of previous years	(275,661)	14,446
Total current tax	(388,591)	854,122
Deferred tax:		
Origination and reversal of timing differences	(21,052)	(15,370)
Adjustment in respect of previous years	57,581	(22,186)
Effect of change in tax rates	15,191	13,073
Total deferred taxation (note 17)	51,720	(24,483)
Tax on profit (note 9(b))	(336,871)	829,639

# Vibrant Brands Limited

## Notes to the financial statements for the year ended 31 December 2021 (Continued)

### 9 Tax on profit (continued)

(b) Factors affecting tax charge for the year:

The tax assessed for the year is lower than (year ended 31.12.2020: lower than) the standard rate applying in the UK of 19.00% (year ended 31 December 2020: 19.00%). The differences are explained below:

	Year ended 31.12.2021 £	Year ended 31.12.2020 £
Profit before taxation	3,711,190	16,065,910
Profit before tax multiplied by standard rate of corporation tax on the UK of 19.00% (year ended 31 December 2020: 19.00%)	705,126	3,052,523
Effect of:		
Expenses not deductible for tax purposes	(2,591)	161,422
Income not deductible for tax purposes	-	(1,341,892)
Effect of group relief/other reliefs	(836,517)	(1,047,747)
Effects of changes in tax rates	15,191	13,073
Adjustments in respect of previous years	(218,080)	(7,740)
Total tax charge for the year (see note 9(a))	(336,871)	829,639

### Factors that may affect future tax charges

In the Spring Budget 2022, the Government announced that from 1 April 2022 the corporation tax rate would remain the at 19% until 31 March 2023. At that point, the corporation tax rate will increase to 25%. This new law was substantively enacted on 3 March 2021.

# Vibrant Brands Limited

## Notes to the financial statements for the year ended 31 December 2021 (Continued)

### 10 Intangible assets

	Patents and trademarks
	£
<b>Cost</b>	
At 1 January 2021	30,710
Transfers from Group Companies	9,160
<b>At 31 December 2021</b>	<b>39,870</b>
<b>Accumulated amortisation</b>	
At 1 January 2021	9,420
Charge in the year	1,229
<b>At 31 December 2021</b>	<b>10,649</b>
<b>Net book value</b>	
<b>At 31 December 2021</b>	<b>29,221</b>
At 31 December 2020	21,290

# Vibrant Brands Limited

## Notes to the financial statements for the year ended 31 December 2021 (Continued)

### 11 Tangible assets

	Freehold property	Leasehold property	Plant and machinery	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2021	215,517	3,179,578	8,232,132	105,870	11,733,097
Additions	-	40,079	1,850,117	-	1,890,196
Transfers from Group Companies	-	994,467	8,777,684	490,508	10,262,659
<b>At 31 December 2021</b>	<b>215,517</b>	<b>4,214,124</b>	<b>18,859,933</b>	<b>596,378</b>	<b>23,885,952</b>
<b>Accumulated depreciation</b>					
At 1 January 2021	8,621	1,542,533	5,990,009	55,265	7,596,428
Charge in the year	8,276	66,770	481,029	12,651	568,726
Transfers from Group Companies	-	520,308	6,705,928	350,093	7,576,329
<b>At 31 December 2021</b>	<b>16,897</b>	<b>2,129,611</b>	<b>13,176,966</b>	<b>418,009</b>	<b>15,741,483</b>
<b>Net book value</b>					
<b>At 31 December 2021</b>	<b>198,620</b>	<b>2,084,513</b>	<b>5,682,967</b>	<b>178,369</b>	<b>8,144,469</b>
At 31 December 2020	206,896	1,637,045	2,242,123	50,605	4,136,669

# Vibrant Brands Limited

## Notes to the financial statements for the year ended 31 December 2021 (Continued)

### 12 Stocks

	31.12.2021	31.12.2020
	£	£
Raw Materials	10,705,504	-
Work in progress	85,185	-
Finished goods	24,839,733	11,128,761
	<b>35,630,422</b>	<b>11,128,761</b>

There is no material difference between the balance sheet value of stocks and their replacement cost.

Stocks are stated after provisions for impairment of £512,836 (2020: £677,328)

### 13 Debtors

	31.12.2021	31.12.2020
	£	£
Trade debtors	31,373,029	9,015,114
Amount owed by group undertakings	7,410,088	16,878,622
Other debtors	6,581,383	5,160,617
Derivative financial instruments	39,327	791,528
VAT	981,603	427,436
Corporation tax receivable	282,508	-
Prepayments and accrued income	601,318	1,958,666
	<b>47,269,256</b>	<b>34,231,983</b>

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand. Trade debtors are stated after provisions for impairment of £nil (31.12.2020: £200,647). Derivative financial instruments above are measured at fair value through the profit and loss account. All other financial instruments are measured at amortised cost.

## Notes to the financial statements for the year ended 31 December 2021 (Continued)

<b>14 Creditors: amounts falling due within one year</b>	<b>31.12.2021 £</b>	<b>31.12.2020 £</b>
Trade creditors	29,837,417	8,561,743
Corporation tax	-	845,355
Other creditors	560,562	16,297
Other taxation and social security	351,201	185,491
Amount owed from group undertakings	17,608,692	4,507,994
Derivative financial instruments	200,958	4,139,643
Accruals and deferred income	5,185,056	1,749,482
	<b>53,743,886</b>	<b>20,006,005</b>

Amounts owed from group undertakings are unsecured, interest free and are repayable on demand.

Derivative financial instruments above are measured at fair value through the profit and loss account. All other financial instruments are measured at amortised cost.

# Vibrant Brands Limited

## Notes to the financial statements for the year ended 31 December 2021 (Continued)

### 15 Creditors: amounts falling due after more than one year

	Year ended 31.12.2021 £	Year ended 31.12.2020 £
<b>Deferred income – Government grants</b>		
Balance brought forward	72,097	108,763
Released during the year	(36,666)	(36,666)
Balance carried forward	35,431	72,097

### 16 Capital and other commitments

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following years:

	Operating leases:			
	Land and buildings		Others	
	31.12.2021 £	31.12.2020 £	31.12.2021 £	31.12.2020 £
Operating leases which expires:				
Within one year	1,748,400	390,000	406,720	506,224
Within 2 to 5 years	3,754,449	1,560,000	1,168,475	1,050,317
In more than 5 years	5,387,253	3,262,207	149,467	674,345
	10,890,102	5,212,207	1,724,662	2,230,886

All operating leases are paid in instalments. The movement in land and buildings is due to the transfer of leases held by other subsidiary companies being transferred to the Company in the year.

# Vibrant Brands Limited

## Notes to the financial statements for the year ended 31 December 2021 (Continued)

### 17 Provision for Liabilities

	Deferred taxation £
At 1 January 2021	108,821
Transfers from Group companies	304,092
Deferred tax credit to profit and loss for the year (note 9)	51,720
<b>At 31 December 2021</b>	<b>464,633</b>

Deferred taxation provided and unprovided for in the financial statements is set out below:

	Provided	
	31.12.2021	31.12.2020
	£	£
Accelerated capital allowances	464,633	(7,974)
Derivative financial liabilities	-	116,795
Total deferred tax liability	464,633	108,821

### 18 Called up share capital

	Year ended 31.12.2021 £	Year ended 31.12.2020 £
Allotted and fully paid		
50,000 (2020: 50,000) A Class Ordinary shares of £1 each	50,000	50,000
150,000 (2020: 150,000) B Class Ordinary shares of £1 each	150,000	150,000
	<b>200,000</b>	<b>200,000</b>

A class shares and B class shares carry the same rights in all respects save for the instance of the winding up of the Company whereby A class shares shall rank above B class shares in respect of the first £100 of the value of the shares, thereafter A class and B class shall rank equally for the distribution of the Company's assets upon the winding up of the Company.



# **Vibrant Brands Limited**

## **Notes to the financial statements for the year ended 31 December 2021 (Continued)**

### **19 Guarantees and commitments**

The Company has given bank guarantees of £2,000,000 (31.12.2020: £2,000,000) in respect of VAT on imports and other commercial guarantees to third parties totaling £450,000 (31.12.2020: £450,000).

### **20 Pension commitments**

The Company operates a defined contribution pension scheme. The assets of the schemes are held separately from those of the Company in independently administered funds. Contributions of £123,697 (year ended 31 December 2020: £154,327) were made by the Company in the year.

### **21 Transactions with directors**

The amount owed by the directors representing the maximum overdrawn balances was £nil (31.12.2020: £nil).

### **22 Related party transactions**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

### **23 Ultimate controlling party**

The ultimate controlling party is Exponent Private Equity Partners IV, LP, a fund managed by Exponent Private Equity LLP. The immediate parent company is Vibrant Foods Limited, which is the parent undertaking of the smallest group which prepares publicly available consolidated financial statements. Consolidated financial statements are available from Companies house, Cardiff, CF14 3UZ.

Vibrant TopCo Limited is the parent undertaking of the largest group and Vibrant Foods Limited is the parent undertaking of the smallest group, which prepare publicly available consolidated financial statements. Consolidated financial statements are available from Companies house, Cardiff, CF14 3UZ.

The registered office of both Vibrant Foods Limited and Vibrant TopCo Limited is Building 3 Croxley Park, Watford, UK, WD18 8YG.

### **24 Group Reconstruction**

On 31 December 2021, the Company acquired all of the trade and assets of Lakshmi & Sons Limited and the UK trade and assets of TRS Wholesale Co Limited.