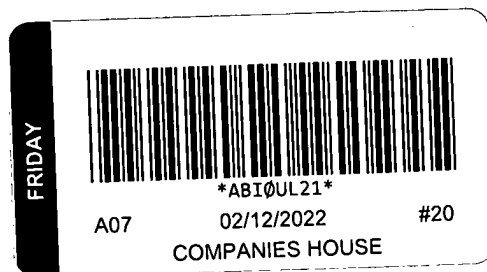


REGISTERED NUMBER: 07136404 (England and Wales)

**PAKEEZA DAIRIES LIMITED**  
**STRATEGIC REPORT, DIRECTOR'S REPORT AND**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022**



**PAKEEZA DAIRIES LIMITED**

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FOR THE YEAR ENDED 31 JANUARY 2022**

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**PAKEEZA DAIRIES LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 JANUARY 2022**

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<b>Director:</b>	Mohammed Azhar Zouq
<b>Registered office:</b>	Kingsway West Business Park Moss Bridge Road Rochdale OL16 5LX
<b>Registered number:</b>	07136404 (England and Wales)
<b>Auditors:</b>	Xeinadin Audit Ltd (Statutory Auditor) 36 Old Jewry London EC2R 8DD
<b>Bankers:</b>	HSBC Bank 2nd Floor, Landmark, St Peter's Square 1 Oxford Street Manchester M1 4PB

## PAKEEZA DAIRIES LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 JANUARY 2022

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The director presents his strategic report for the year ended 31 January 2022.

#### Business review

The company's principal activity continues to be the manufacture and distribution of yogurt, cream and other dairy products into retail customers and food service across the United Kingdom and Europe. During the course of the year the challenging market environment which came about as a result of government actions taken to mitigate the spread of Covid-19 continued. The company however was able to navigate the disruption well and towards the end of the period start to gain market share in key categories.

Significant investment continues to be made in additional plant & machinery which will allow the business to increase production capacity allowing new products to be launched during 2023/24.

#### Key performance indicators

The director consider the following to be financial key performance indicators.

	2022	2021
Sales	51,472,754	47,480,994
Payroll : Sales	10.93%	11.06%
EBITDA	4,782,800	3,084,193

#### Principal risks and uncertainties

The principal risks and uncertainties facing the company are related to the continued volatility in dairy markets including increasing costs for raw materials, energy and distribution. Post year end factory gate inflation has been at unprecedented levels which has had an inevitable impact on the price of our products. The level of factory gate inflation has meant that it simply has not been possible for the company to absorb these increases.

#### Section 172(1) statement

The following section serves as the section 172 statement for Pakeeza Dairies Ltd (the company) pursuant to the requirements of the Companies Act 2006. The director of the company is fully aware of his responsibilities to promote the success of the company in accordance with the section 172 of Companies Act 2006 and are keen to ensure proper reflection on stakeholder engagement. The director is working in good faith to benefit all of its members as a whole and in doing so, has regards to the following key areas:

- The likely consequence of any decisions in the long term
- The interest of of its employees
- The need to foster the company's business relationships with suppliers, customers and other key stakeholders
- The impact of the company's operation on both the company and the environment
- The need to act fairly between all members of the company

The future developments section states the upcoming improvement which the company intends to make.

#### Future developments

In the year ahead, the company is looking to focus on increasing distribution and penetration of key products into both retail customers and food service. Furthermore, the company plans to invest in new product lines allowing it to widen its offering to an increasingly diverse marketplace.

Further investments in increasing production capacity and automation are planned which will allow the company to become more efficient and de-risk its manufacturing process.

**PAKEEZA DAIRIES LIMITED**


**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 JANUARY 2022**

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**Financial instruments**

The company has no exposure to the financial instruments.

**On behalf of the board:**



.....  
Mohammed Azhar Zouq - Director

Date: 22-11-22.....

## **PAKEEZA DAIRIES LIMITED**

### **DIRECTOR'S REPORT FOR THE YEAR ENDED 31 JANUARY 2022**

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The director presents his report with the financial statements of the company for the year ended 31 January 2022.

#### **Principal activity**

The principal activity of the company in the year under review was that of the manufacture, wholesale and distribution of dairy products.

#### **Dividends**

Particulars of recommended dividends are detailed in note 7 to the financial statements.

#### **Events since the end of the year**

Information relating to events since the end of the year is given in the notes to the financial statements.

#### **Director**

Mohammed Azhar Zouq held office during the whole of the period from 1 February 2021 to the date of this report.

#### **Events after the end of the reporting period**

There are no matters to report as post balance sheet events except for Note 19 to the financial statements.

#### **Disclosure in the strategic report**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Sch. 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) to be contained in the directors' report. It has done so in respect of future developments, research and development and financial instruments.

#### **Statement of director's responsibilities**

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Statement as to disclosure of information to auditors**

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**PAKEEZA DAIRIES LIMITED**

**DIRECTOR'S REPORT  
FOR THE YEAR ENDED 31 JANUARY 2022**

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**Auditors**

The auditors, Xeinadin Audit Ltd will be proposed for re-appointment at the forthcoming Annual General Meeting.

**On behalf of the board:**



.....  
Mohammed Azhar Zouq - Director

Date: 22-11-22 .....

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PAKEEZA DAIRIES LIMITED

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### Opinion

We have audited the financial statements of Pakeeza Dairies Limited (the 'company') for the year ended 31 January 2022 which comprise the Statement of Income and Retained Earnings, Statement of Financial Position, Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2022 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 Auditors' 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 director's 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 director with respect to going concern are described in the relevant sections of this report.

### Other information

The director is responsible for the other information. The other information comprises the information in the Strategic Report and the Director's Report, but does not include the financial statements and our Report of the Auditors thereon.

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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.



## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PAKEEZA DAIRIES LIMITED**

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### **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 Director's Report.

We have nothing to report in respect of the following matters where 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of director**

As explained more fully in the Statement of Director's Responsibilities set out on page four, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has 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 a Report of the Auditors 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.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the computer component manufacturing and supply sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental (including Waste Electrical and Electronic Equipment recycling (WEEE) Regulations 2013) and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
PAKEEZA DAIRIES LIMITED**

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- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including the Health and Safety Executive, and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

**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 a Report of the Auditors 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.



Farook Patel FCA (Senior Statutory Auditor)  
for and on behalf of Xeinadin Audit Ltd (Statutory Auditor)  
36 Old Jewry  
London  
EC2R 8DD

Date: .....28/11/2022.....

**PAKEEZA DAIRIES LIMITED**

**STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 JANUARY 2022**

	Notes	2022 £	2021 £
Turnover	3	51,472,754	47,480,994
Cost of sales		(35,561,877)	(35,804,498)
<b>Gross profit</b>		15,910,877	11,676,496
Administrative expenses		(12,024,638)	(9,356,003)
<b>Operating profit and Profit before taxation</b>		3,886,239	2,320,493
Tax on profit	6	(692,323)	(260,228)
<b>Profit for the financial year</b>		3,193,916	2,060,265
Retained earnings at beginning of year		11,583,679	9,568,414
Dividends	7	(3,500,000)	(45,000)
<b>Retained earnings at end of year</b>		<u>11,277,595</u>	<u>11,583,679</u>

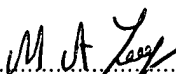
The notes form part of these financial statements

PAKEEZA DAIRIES LIMITED (REGISTERED NUMBER: 07136404)

STATEMENT OF FINANCIAL POSITION  
31 JANUARY 2022

	Notes	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	8	-	-
Tangible assets	9	4,933,286	3,942,861
		<u>4,933,286</u>	<u>3,942,861</u>
<b>Current assets</b>			
Stocks	10	202,470	188,562
Debtors	11	10,110,451	7,281,383
Cash at bank and in hand		8,608,667	9,174,476
		<u>18,921,588</u>	<u>16,644,421</u>
<b>Creditors</b>			
Amounts falling due within one year	12	(11,696,912)	(8,586,568)
<b>Net current assets</b>			
		<u>7,224,676</u>	<u>8,057,853</u>
<b>Total assets less current liabilities</b>			
		12,157,962	12,000,714
<b>Provisions for liabilities</b>			
	15	(880,067)	(416,735)
<b>Net assets</b>			
		<u>11,277,895</u>	<u>11,583,979</u>
<b>Capital and reserves</b>			
Called up share capital	16	300	300
Retained earnings	17	11,277,595	11,583,679
<b>Shareholders' funds</b>			
		<u>11,277,895</u>	<u>11,583,979</u>

The financial statements were approved by the director and authorised for issue on 22-11-22 and were signed by:

  
.....  
Mohammed Azhar Zouq - Director

The notes form part of these financial statements

**PAKEEZA DAIRIES LIMITED****STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 JANUARY 2022**

	Notes	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,588,338	2,804,462
Tax paid		(243,033)	(227,604)
Net cash from operating activities		<u>1,345,305</u>	<u>2,576,858</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(1,886,986)	(699,692)
Sale of tangible fixed assets		12,667	8,333
Net cash from investing activities		<u>(1,874,319)</u>	<u>(691,359)</u>
<b>Cash flows from financing activities</b>			
Amount introduced by directors		-	134,003
Amount withdrawn by directors		(36,795)	-
Equity dividends paid		-	(45,000)
Net cash from financing activities		<u>(36,795)</u>	<u>89,003</u>
<b>(Decrease)/increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of year	2	<u>9,174,476</u>	<u>7,199,974</u>
Cash and cash equivalents at end of year	2	<u><u>8,608,667</u></u>	<u><u>9,174,476</u></u>

The notes form part of these financial statements

**PAKEEZA DAIRIES LIMITED**

**NOTES TO THE STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 JANUARY 2022**

<b>1. Reconciliation of profit before taxation to cash generated from operations</b>		
	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Profit before taxation	3,886,239	2,320,493
Depreciation charges	896,561	763,700
Profit on disposal of fixed assets	(12,667)	(8,333)
Equity dividend	(3,500,000)	-
	<u>1,270,133</u>	<u>3,075,860</u>
(Increase)/decrease in stocks	(13,908)	226,298
Increase in trade and other debtors	(2,829,068)	(1,234,062)
Increase in trade and other creditors	3,161,181	736,366
	<u>1,588,338</u>	<u>2,804,462</u>
<b>Cash generated from operations</b>	<u>1,588,338</u>	<u>2,804,462</u>

**2. Cash and cash equivalents**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 31 January 2022**

	31.1.22	1.2.21
	£	£
Cash and cash equivalents	8,608,667	9,174,476
	<u>8,608,667</u>	<u>9,174,476</u>

**Year ended 31 January 2021**

	31.1.21	1.2.20
	£	£
Cash and cash equivalents	9,174,476	7,199,974
	<u>9,174,476</u>	<u>7,199,974</u>

**3. Analysis of changes in net funds**

	<b>At 1.2.21</b>	<b>Cash flow</b>	<b>At 31.1.22</b>
	£	£	£
<b>Net cash</b>			
Cash at bank and in hand	9,174,476	(565,809)	8,608,667
	<u>9,174,476</u>	<u>(565,809)</u>	<u>8,608,667</u>
<b>Total</b>	<u>9,174,476</u>	<u>(565,809)</u>	<u>8,608,667</u>

The notes form part of these financial statements

1. **Statutory information**

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Kingsway West Business Park, Moss Bridge Road, Rochdale, UK, OL16 5LX.

2. **Accounting policies**

**Basis of preparing the financial statements**

These financial statements have been prepared in compliance with FRS 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland (March 2018) and the Companies Act 2006.

The financial statements are prepared in sterling which is the functional currency of the company.

The financial statements have been prepared on the going concern basis and under the historical cost convention as modified by the revaluation of land and buildings and certain financial instruments measured at fair value in accordance with the accounting policies set out below.

**Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Turnover**

Revenue is the amount derived from ordinary activities and is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances, and is stated net of VAT.

Revenue from the sale of dairy products as specified in the directors report is recognised when all the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from the sale of components is recognised when the goods are delivered, and legal title has passed.

**Other income**

Other income includes recognition of government supported income from its Corona Virus Job Retention Scheme and from Rural Payment Agency. Income is recognised in the same period of receipt.

**Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

2. **Accounting policies - continued**

**Tangible fixed assets**

Land and buildings held and used in the company's own activities for production and supply of goods or for administrative purposes are stated in the statement of financial position at their book amounts. The book amounts equate to the carrying value at the date of accounts, less any depreciation or impairment losses subsequently accumulated.

Any revaluation increase or decrease on land and buildings is credited to the property revaluation reserve in 'other reserves'.

Depreciation on revalued buildings is charged to profit or loss so as to write off their value, less residual value, over their estimated useful life of 10 years, using the straight-line method.

Once a revalued property is sold or retired any attributable revaluation surplus that is remaining in the property revaluation reserve is transferred to retained earnings. No transfer is made from the revaluation reserve to retained earnings unless an asset is derecognised.

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation on plant and equipment is charged to profit or loss so as to write off their value, at 15% on reducing balance method.

Fixture and fittings are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation on fixture and fittings is charged to profit or loss so as to write off their value, at 25% on reducing balance method.

Motor vehicles are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation on motor vehicles is charged to profit or loss so as to write off their value, at 25% on reducing balance method.

Assets held under finance leases are depreciated in the same manner as owned assets.

At each balance sheet date, the company reviews the carrying amounts of its property, plant and equipment, fixture and fittings and motor vehicles to determine whether there is any indication that any items of property, plant and equipment, fixture and fittings and motor vehicle have suffered an impairment loss. If any such indication exists, the recoverable amount of an 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 the asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.



2. **Accounting policies - continued**

**Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Costs, which comprise direct production costs and an appropriate allocation of production overheads, are based on the method most appropriate to the type of inventory class, but usually on a first-in-first-out basis. Net realisable value is based on the estimated selling price less any estimated completion or selling costs.

When stocks are sold, the carrying amount of those stocks is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of stocks to net realisable value and all losses of stocks are recognised as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of stocks is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

**Trade and other debtors**

Trade and other debtors that are receivable within one year and do not constitute a financing transaction are recorded at the undiscounted amount expected to be received, net of impairment. Those that are receivable after more than one year or that constitute a financing transaction are recorded initially at fair value less transaction costs and subsequently at amortised cost, net of impairment.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings or current liabilities.

**Financial instruments**

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

2. **Accounting policies - continued**

**Taxation**

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and 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 end of the reporting period.

Deferred tax is recognised on timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible timing differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

**Research and development**

Expenditure on research and development is written off in the year in which it is incurred.

**Foreign currencies**

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to profit or loss.

**Operating leases**

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. **Accounting policies - continued**

**Defined contribution plans**

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised in finance costs in profit or loss in the period in which it arises.

**Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in profit or loss in the period it arises.

**Trade and other creditors**

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

**Interest bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the statement of comprehensive income over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

**Impairment**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

2. Accounting policies - continued

**Related parties**

For the purposes of these financial statements, a party is considered to be related to the company if:

- the party has the ability, directly or indirectly, through one or more intermediaries, to control the Company or exercise significant influence over the company in making financial and operating policy decisions, or has joint control over the company;
- the company and the party are subject to common control;
- the party is an associate of the company or a joint venture in which the company is a venturer;
- the party is a member of key management personnel of the company or the company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals;
- the party is a post-employment benefit plan which is for the benefit of employees of the company or of any entity that is a related party of the company; or
- the party, or any member of a group of which it is part, provides key management personnel services to the company or its parent.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

**Leased assets**

Assets that are held by company under leases which transfer to the company substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the company are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the company's policy on borrowing costs (see the accounting policy above). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Temporary rent concessions granted as a direct consequence of the Covid-19 pandemic are recognised on a systematic basis over the periods that the change in lease payments is intended to compensate. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**PAKEEZA DAIRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JANUARY 2022**

**3. Turnover**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Sale of goods	51,148,783	47,404,187
Other Income	323,971	76,807
	<u>51,472,754</u>	<u>47,480,994</u>

**4. Employees and directors**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Wages and salaries	5,101,437	4,746,062
Social security costs	429,276	424,113
Other pension costs	96,160	82,558
	<u>5,626,873</u>	<u>5,252,733</u>

The average number of employees during the year was as follows:

	<b>2022</b>	<b>2021</b>
Management	10	10
Others	212	217
	<u>222</u>	<u>227</u>

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Directors' remuneration	8,831	18,954
Directors' pension contributions to money purchase schemes	40,000	40,000
	<u>48,831</u>	<u>58,954</u>

**5. Operating profit**

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Hire of plant and machinery	146,457	97,979
Other operating leases	65,479	61,732
Depreciation - owned assets	896,561	763,700
Profit on disposal of fixed assets	(12,667)	(8,333)
Auditors' remuneration	10,750	9,500
	<u>1,006,580</u>	<u>1,624,588</u>

**PAKEEZA DAIRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JANUARY 2022**

**6. Taxation**

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Current tax:		
UK corporation tax	228,991	216,930
re. previous year	-	(18,011)
	<u>228,991</u>	<u>198,919</u>
Total current tax	228,991	198,919
Deferred tax charge/credit	463,332	61,309
	<u>692,323</u>	<u>260,228</u>
Tax on profit	<u>692,323</u>	<u>260,228</u>

UK corporation tax was charged at 19% in 2021.

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Profit before tax	<u>3,886,239</u>	<u>2,320,493</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	738,385	440,894
Effects of:		
Capital allowances in excess of depreciation	(346,786)	(59,773)
Adjustments to tax charge in respect of previous periods	-	(18,011)
Research & development enhanced allowance	(162,608)	(164,190)
Other timing difference	463,332	61,308
	<u>692,323</u>	<u>260,228</u>
Total tax charge	<u>692,323</u>	<u>260,228</u>

**7. Dividends**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Ordinary A Share shares of 1 each		
Final	3,500,000	15,000
Ordinary B Shares shares of 1 each		
Final	-	15,000
Ordinary C Shares shares of 1 each		
Final	-	15,000
	<u>3,500,000</u>	<u>45,000</u>

**PAKEEZA DAIRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JANUARY 2022**

<b>8.</b>	<b>Intangible fixed assets</b>		<b>Goodwill</b>			
			<b>£</b>			
	<b>Cost</b>					
	At 1 February 2021 and 31 January 2022		450,000			
	<b>Amortisation</b>					
	At 1 February 2021 and 31 January 2022		450,000			
	<b>Net book value</b>					
	At 31 January 2022		-			
	At 31 January 2021		-			
<b>9.</b>	<b>Tangible fixed assets</b>					
		<b>Long leasehold £</b>	<b>Plant and machinery £</b>	<b>Fixtures and fittings £</b>	<b>Motor vehicles £</b>	<b>Totals £</b>
	<b>Cost</b>					
	At 1 February 2021	94,702	7,304,119	149,794	701,872	8,250,487
	Additions	-	1,712,511	34,575	139,900	1,886,986
	Disposals	-	-	-	(95,000)	(95,000)
	At 31 January 2022	94,702	9,016,630	184,369	746,772	10,042,473
	<b>Depreciation</b>					
	At 1 February 2021	80,528	3,640,561	149,794	436,743	4,307,626
	Charge for year	9,470	806,410	7,924	72,757	896,561
	Eliminated on disposal	-	-	-	(95,000)	(95,000)
	At 31 January 2022	89,998	4,446,971	157,718	414,500	5,109,187
	<b>Net book value</b>					
	At 31 January 2022	4,704	4,569,659	26,651	332,272	4,933,286
	At 31 January 2021	14,174	3,663,558	-	265,129	3,942,861
<b>10.</b>	<b>Stocks</b>				<b>2022</b>	<b>2021</b>
					<b>£</b>	<b>£</b>
	Stocks				202,470	188,562

**PAKEEZA DAIRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JANUARY 2022**

**11. Debtors: amounts falling due within one year**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Trade debtors	6,804,231	6,737,920
Other debtors	2,612,907	3,246
VAT recoverable	545,711	405,143
Prepayments	147,602	135,074
	<u>10,110,451</u>	<u>7,281,383</u>

**12. Creditors: amounts falling due within one year**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Trade creditors	5,220,203	5,386,883
Taxation and social security	202,888	216,930
Social security and other tax	-	104,811
Other creditors	824,695	481,309
Amount due to related company	3,500,000	-
Directors' loan account	328,627	786,551
Accruals	1,620,499	1,610,084
	<u>11,696,912</u>	<u>8,586,568</u>

**13. Leasing agreements**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Within one year	5,871	7,780
Between one and five years	-	13,002
	<u>5,871</u>	<u>20,782</u>

**14. Financial instruments**

Financial assets measured at amortised cost of £18,571,516 (2021: £15,915,642) comprise trade debtors, other debtors, VAT recoverable and cash at bank and in hand.

Financial liabilities measured at amortised cost of £7,994,024 (2021: £8,264,828) comprise trade creditors, directors' loan accounts, other creditors and accruals.

**15. Provisions for liabilities**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Deferred tax		
Accelerated capital allowances	880,067	416,735
	<u>880,067</u>	<u>416,735</u>



**PAKEEZA DAIRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JANUARY 2022**

**15. Provisions for liabilities - continued**

	<b>Deferred tax £</b>
Balance at 1 February 2021	416,735
Provided during year	463,332
Balance at 31 January 2022	<u>880,067</u>

**16. Called up share capital**

<b>Allotted and issued:</b>		<b>Nominal value:</b>	<b>2022 £</b>	<b>2021 £</b>
<b>Number:</b>	<b>Class:</b>			
100	Ordinary A Shares of £1 each	1	100	100
100	Ordinary B Shares of £1 each	1	100	100
100	Ordinary C Shares of £1 each	1	100	100
			<u>300</u>	<u>300</u>

**17. Reserves**

	<b>Retained earnings £</b>
At 1 February 2021	11,583,679
Profit for the year	3,193,916
Dividends	(3,500,000)
At 31 January 2022	<u>11,277,595</u>

**18. Related party disclosures**

During the year the company entered into the following transactions with related parties:

The company rents a property from a partnership in which the director is a partner. The amount of rent paid during the year amounted to £60,000 (2021: £60,000). At the balance sheet date £nil (2021: £NIL) was outstanding.

At 31 January 2022 the company owed £328,627 to the director (2021: £786,551). No interest has been charged to the company in respect of this loan which is repayable on demand and classified in creditors due within one year.

The company has provided an interest free and unsecured loan to a related company, Zouq Properties Ltd. At 31 January 2022 the outstanding amount balance due is £2,607,841 (2021: £NIL).

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company was £103,831 (2021: £103,628).

**PAKEEZA DAIRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JANUARY 2022**

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**19. Post balance sheet events**

No adjusting events have occurred since 31 January 2022.

**20. Ultimate controlling party**

The company is controlled by Lancashire Farm Holdings Ltd. Lancashire Farm Holdings Ltd is the parent company of Pakeeza Dairies Ltd. Lancashire Farm Holdings is a company registered in England and Wales, company number - 12777751.