

CAFFE CONCERTO LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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FOR THE YEAR ENDED 31 AUGUST 2019**

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CAFFE CONCERTO LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 AUGUST 2019**

Directors: M Borjak
M Al Hajjar

Secretary: M Borjak

Registered office: 29-31 Piccadilly
London
W1J 0LF

Registered number: 01994671 (England and Wales)

Auditors: M. Parmar & Co.
Registered Auditors
First Floor
244 Edgware Road
London
W2 1DS

Solicitors: Lawrence Stephens Solicitors
50 Farringdon Road
London
EC1M 3HE

CAFFE CONCERTO LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2019

The directors present their strategic report for the year ended 31 August 2019.

Review of business

The company's turnover increased by 15% to £28,710,333 (2018: £24,994,620) and profit before tax increased to £699,958 (2018: £221,913).

Principal risks and uncertainties

The directors consider the following to be the principal risks and uncertainties which could affect the company's business:

External

- Maintaining high company profile through advertising, marketing and social media. Thereby both protecting and enhancing the brand name of "Caffe Concerto".
- Impact of ULEZ and Congestion Charging.
- Increases in the national living wage.
- Additional costs associated with new pension regulators.
- Impact of COVID-19 on the hospitality industry.

Internal

- Food hygiene
- Health and safety
- Staff training, supervision and ensuring customer satisfaction.

Key performance indicators


The directors consider the following to be the key performance indicators of the company's business:

	<u>2019</u>	<u>2018</u>
Turnover	£28,710,333	£24,994,620
Gross profit	£12,521,015	£11,660,547
Profit before tax	£699,958	£221,913

Going concern

The company has modelled the impact of the reduced level of sales and mitigating actions, and it is the expectation of the Directors that the company will be able to meet liabilities as they fall due over a period of at least 12 months. However, it is difficult to estimate how the COVID-19 pandemic will impact the company's trading in the future and for how long, and the Directors consider this as the key uncertainty over which they have no control.

On behalf of the board:



M Borjak - Director

29 August 2020

CAFFE CONCERTO LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 AUGUST 2019

The directors present their report with the financial statements of the company for the year ended 31 August 2019.

Principal activity

The principal activity of the company in the year under review was that of operating restaurants.

Dividends

During the year, dividends of £Nil (2018 - £180,000) paid to the parent company Lux Management & Investment Group Limited a company registered in England and Wales.

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.

Directors

The directors shown below have held office during the whole of the period from 1 September 2018 to the date of this report.

M Borjak
M Al Hajjar

Financial instruments

Financial assets such as trade debtors and trade creditors arise directly from the groups operating activities and expose the group to credit and cash flow risk. The group has in place appropriate measures to mitigate and manage this risk.

Going concern

The directors have concluded that a material uncertainty related to going concern exists as a result of the COVID-19 pandemic, but consider it appropriate to prepare the financial statements on a going concern basis. Further information is set out in note 2.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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

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

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

The director confirms that all applicable accounting standards have been followed and there have been no material departures from the accounting standards.

CAFFE CONCERTO LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 2019**

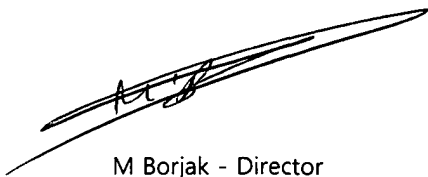
Statement as to disclosure of information to auditors

So far as the directors are 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 each director 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.

Auditors

The auditors, M. Parmar & Co., will be proposed for re-appointment at the forthcoming Annual General Meeting.

On behalf of the board:

A handwritten signature in black ink, appearing to be 'M. Borjak', is written over a horizontal line.

M Borjak - Director

29 August 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CAFFE CONCERTO LIMITED

Opinion

We have audited the financial statements of Caffe Concerto Limited (the 'company') for the year ended 31 August 2019 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, 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 August 2019 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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we draw attention and have considered the adequacy of the disclosure in note 2 of the financial statements concerning the company's ability to continue as a going concern.

The directors have considered the impact of the COVID-19 pandemic as part of the company's going concern analysis including the impact of both reduced sales and cost saving strategies.

Given the uncertainty as to how the COVID-19 outbreak may impact upon the company's projected cashflows, a material uncertainty exists regarding 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.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, 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 there is a material misstatement in 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 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

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 Report of the Directors.

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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

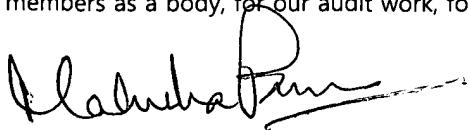
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
CAFFE CONCERTO LIMITED**

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.



Mahendra Parmar (Senior Statutory Auditor)
for and on behalf of M. Parmar & Co.
Registered Auditors
First Floor
244 Edgware Road
London
W2 1DS

29 August 2020

CAFFE CONCERTO LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2019**

		2019	2018
	Notes	£	£
Turnover	4	28,710,333	24,994,620
Cost of sales		(16,189,318)	(13,334,073)
Gross profit		12,521,015	11,660,547
Administrative expenses		(11,818,142)	(11,434,085)
Operating profit	6	702,873	226,462
Interest payable and similar expenses	7	(2,915)	(4,549)
Profit before taxation		699,958	221,913
Tax on profit	8	(132,992)	(39,031)
Profit for the financial year		566,966	182,882

The notes form part of these financial statements

CAFFE CONCERTO LIMITED

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2019**

		2019	2018
	Notes	£	£
Profit for the year		566,966	182,882
Other comprehensive income		-	-
Total comprehensive income for the year		<u>566,966</u>	<u>182,882</u>

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 AUGUST 2019

	Notes	£	2019 £	£	2018 £
Fixed assets					
Tangible assets	11		3,510,352		3,286,969
Current assets					
Stocks	12	220,763		218,762	
Debtors	13	595,358		112,926	
Cash at bank and in hand		500,261		893,319	
		1,316,382		1,225,007	
Creditors					
Amounts falling due within one year	14	3,979,137		4,310,806	
Net current liabilities			(2,662,755)		(3,085,799)
Total assets less current liabilities			847,597		201,170
Provisions for liabilities	17		178,482		99,021
Net assets			669,115		102,149
Capital and reserves					
Called up share capital	18		30,000		30,000
Retained earnings	19		639,115		72,149
Shareholders' funds			669,115		102,149

The financial statements were approved by the Board of Directors and authorised for issue on 29 August 2020 and were signed on its behalf by:



M Borjak - Director

The notes form part of these financial statements

CAFFE CONCERTO LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2019**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 September 2017	30,000	69,267	99,267
Changes in equity			
Profit for the year	-	182,882	182,882
	<hr/>	<hr/>	<hr/>
Total comprehensive income	-	182,882	182,882
Dividends	-	(180,000)	(180,000)
	<hr/>	<hr/>	<hr/>
Balance at 31 August 2018	30,000	72,149	102,149
	<hr/>	<hr/>	<hr/>
Changes in equity			
Profit for the year	-	566,966	566,966
	<hr/>	<hr/>	<hr/>
Total comprehensive income	-	566,966	566,966
	<hr/>	<hr/>	<hr/>
Balance at 31 August 2019	30,000	639,115	669,115
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes form part of these financial statements

CAFFE CONCERTO LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019**

		2019	2018
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	1	855,393	1,392,682
Interest paid		(107)	(1,038)
Interest element of hire purchase or finance lease rental payments paid		(2,808)	(3,511)
Tax paid		(44,276)	(40,715)
Net cash from operating activities		<u>808,202</u>	<u>1,347,418</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		<u>(1,101,260)</u>	<u>(1,413,625)</u>
Net cash from investing activities		<u>(1,101,260)</u>	<u>(1,413,625)</u>
Cash flows from financing activities			
Capital repayments in year		-	(26,877)
Amount introduced by directors		(100,000)	145,393
Equity dividends paid		-	(180,000)
Net cash from financing activities		<u>(100,000)</u>	<u>(61,484)</u>
Decrease in cash and cash equivalents		<u>(393,058)</u>	<u>(127,691)</u>
Cash and cash equivalents at beginning of year	2	893,319	1,021,010
Cash and cash equivalents at end of year	2	<u><u>500,261</u></u>	<u><u>893,319</u></u>

The notes form part of these financial statements

CAFFE CONCERTO LIMITED

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Reconciliation of profit before taxation to cash generated from operations

	2019	2018
	£	£
Profit before taxation	699,958	221,913
Depreciation charges	877,877	822,128
Finance costs	2,915	4,549
	<u>1,580,750</u>	<u>1,048,590</u>
Increase in stocks	(496,548)	(20,797)
(Increase)/decrease in trade and other debtors	(482,432)	173,622
Increase in trade and other creditors	253,623	191,267
	<u>855,393</u>	<u>1,392,682</u>
Cash generated from operations	<u><u>855,393</u></u>	<u><u>1,392,682</u></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 August 2019

	31/8/19	1/9/18
	£	£
Cash and cash equivalents	500,261	893,319
	<u>500,261</u>	<u>893,319</u>

Year ended 31 August 2018

	31/8/18	1/9/17
	£	£
Cash and cash equivalents	893,319	1,021,010
	<u>893,319</u>	<u>1,021,010</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. **Statutory information**

Caffe Concerto Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **Accounting policies**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Significant judgements and estimates

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Going concern

The COVID-19 pandemic has developed rapidly in 2020. Measures taken by the UK government to contain the virus has affected economic activity and the company's business in various significant ways:

- The nationwide lockdown meant closure of all our restaurant premises as of March 2020 for over 3 months in accordance with government guidelines.
- Social distancing measures has resulted in a significant decline in our retail business, as we are operating to a reduced capacity.

As a result of these effects the company's operating results have declined significantly in 2020. In response to these matters, the company has taken the following mitigating actions:

- Reducing variable costs.
- Entering into negotiations with both landlords and suppliers.
- Incorporating government support initiatives including business rates waivers, Eat Out to Help Out scheme and furloughing employees.

The company has modelled the impact of the reduced level of sales and mitigating actions, and it is the expectation of the Directors that the company will be able to meet liabilities as they fall due over a period of at least 12 months. However, it is difficult to estimate how the COVID-19 pandemic will impact the company's trading in the future and for how long, and the Directors consider this as the key uncertainty over which they have no control. Therefore, a material uncertainty exists that may cast doubt on 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.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue is recognised when performance obligations are satisfied and control has transferred to the customer. For goods sold in store, revenue is recognised at the point of sale.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2019

2. Accounting policies - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Fixtures and fittings	- 20% on reducing balance
Motor vehicles	- 25% on reducing balance
Equipment	- 20% on reducing balance

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is based on the cost of purchase on a first in, first out basis.

Pensions - defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2019

2. Accounting policies - continued

Functional and presentational currency

The company's functional and presentational currency is Pound Sterling.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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

Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Basic financial assets

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

Basic financial liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2019

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, management have been required to make judgements, estimates and assumptions. These estimates relate to the carrying value of assets and liabilities that are based on underlying assumptions and other factors, which are considered to be relevant. Actual results may differ from these estimates. These estimates and assumptions are reviewed on an on-going basis.

COVID-19 has been assessed as a non-adjusting post balance sheet event and consequently, has not been considered in reviewing the useful economic lives nor carrying value of fixed assets as at the balance sheet date.

4. Turnover

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

Turnover represents the sale of goods to customers net of VAT. The turnover of the company has been derived from its principal activity. All trading is undertaken in the UK.

5. Employees and directors

	2019	2018
	£	£
Wages and salaries	7,713,455	7,098,262
Social security costs	538,554	537,592
Other pension costs	72,352	58,358
	<u>8,324,361</u>	<u>7,694,212</u>

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

	2019	2018
Administration	26	23
Floor staff	470	460
	<u>496</u>	<u>483</u>

	2019	2018
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

Applications for employment by disabled persons are always fully and fairly considered, bearing in mind the aptitudes of the applicant concerned. In the event of team members 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 company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of their employees.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2019

6. **Operating profit**

The operating profit is stated after charging:

	2019	2018
	£	£
Hire of plant and machinery	9,568	10,438
Depreciation - owned assets	865,492	806,550
Depreciation - assets on hire purchase contracts or finance leases	12,385	15,577
Auditors' remuneration	1,500	1,500
	<u> </u>	<u> </u>

7. **Interest payable and similar expenses**

	2019	2018
	£	£
Bank interest	3	3
Interest on overdue tax paid	104	1,035
Hire purchase	2,808	3,511
	<u> </u>	<u> </u>
	<u>2,915</u>	<u>4,549</u>

8. **Taxation**

Analysis of the tax charge

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

	2019	2018
	£	£
Current tax:		
UK corporation tax	53,531	45,180
Deferred tax	79,461	(6,149)
	<u> </u>	<u> </u>
Tax on profit	<u>132,992</u>	<u>39,031</u>

UK corporation tax was charged at 19% in 2018.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2019

8. Taxation - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is the same as the standard rate of corporation tax in the UK.

	2019 £	2018 £
Profit before tax	699,958	221,913
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	132,992	42,163
Effects of:		
Capital allowances in excess of depreciation	(79,461)	-
Depreciation in excess of capital allowances	-	3,017
Deferred tax	79,461	(6,149)
Total tax charge	132,992	39,031

9. Dividends

	2019 £	2018 £
Ordinary shares of £1 each		
Final	-	180,000

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

10. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £72,352 (2018: £58,358). Contributions totalling £6,479 (2018: £5,103) were payable to the fund by the company at the reporting date and are included in creditors.

CAFFE CONCERTO LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2019

11. Tangible fixed assets

	Fixtures and fittings £	Motor vehicles £	Equipment £	Totals £
Cost				
At 1 September 2018	5,480,083	19,500	1,220,833	6,720,416
Additions	1,021,423	-	79,837	1,101,260
At 31 August 2019	6,501,506	19,500	1,300,670	7,821,676
Depreciation				
At 1 September 2018	2,659,131	14,872	759,444	3,433,447
Charge for year	768,475	1,157	108,245	877,877
At 31 August 2019	3,427,606	16,029	867,689	4,311,324
Net book value				
At 31 August 2019	3,073,900	3,471	432,981	3,510,352
At 31 August 2018	2,820,952	4,628	461,389	3,286,969

Fixed assets, included in the above, which are held under hire purchase contracts or finance leases are as follows:

	Fixtures and fittings £	Motor vehicles £	Equipment £	Totals £
Cost				
At 1 September 2018 and 31 August 2019	42,610	19,500	119,164	181,274
Depreciation				
At 1 September 2018	31,440	14,872	74,193	120,505
Charge for year	2,234	1,157	8,994	12,385
At 31 August 2019	33,674	16,029	83,187	132,890
Net book value				
At 31 August 2019	8,936	3,471	35,977	48,384
At 31 August 2018	11,170	4,628	44,971	60,769

12. Stocks

	2019 £	2018 £
Stocks	220,763	218,762

The amount of stock recognised as an expense during the period was £218,762 (2018: £197,965).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2019

13. Debtors: amounts falling due within one year

	2019	2018
	£	£
Prepayments	595,358	112,926

14. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	930,336	627,729
Amounts owed to group undertakings	2,425,296	3,181,195
Corporation tax	54,435	45,180
VAT	363,528	152,260
Directors' current accounts	45,393	145,393
Accrued expenses	160,149	159,049
	<u>3,979,137</u>	<u>4,310,806</u>

15. Secured debts

The company's bankers have a fixed and floating charge over the assets of the company

The company has rent deposit deed of £50,000 (2018: £50,000), which is secured against the assets of the company.

16. Financial instruments

Financial assets for the company measured at amortised cost comprise of prepayments £595,358 (2018: £112,926) and cash £500,261 (2018: £893,319).

Financial liabilities for company measured at amortised cost comprise of amounts owed to group undertakings £2,425,296 (2018: £3,181,195), trade creditors £930,336 (2018: £627,729), other creditors £463,356 (2018: £342,833) and accrued expenses £160,149 (2018: £159,049).

17. Provisions for liabilities

	2019	2018
	£	£
Deferred tax		
Accelerated capital allowances	178,482	99,021

Deferred tax
£

Balance at 1 September 2018	99,021
Provided during year	79,461
Balance at 31 August 2019	<u>178,482</u>

CAFFE CONCERTO LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2019****18. Called up share capital****Allotted, issued and fully paid:**

Number:	Class:	Nominal value:	2019 £	2018 £
30,000	Ordinary	£1	<u>30,000</u>	<u>30,000</u>

The shares carry full rights with regards to voting, participation and dividends. In the event of the company being wound up, the shareholder will be entitled to a share in the proceeds of the company's assets after all the debts have been paid.

19. Reserves

	Retained earnings £
At 1 September 2018	72,149
Profit for the year	<u>566,966</u>
At 31 August 2019	<u>639,115</u>

Retained earnings include all current and prior period retained profits and losses.

20. Ultimate parent company

Lux Management & Investments Group Limited is regarded by the directors as being the company's ultimate parent company.

Lux Management & Investments Group Limited prepares group financial statements and copies can be obtained from 29-31 Piccadilly, London W1J 0LF.

21. Related party disclosures

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.

22. Post balance sheet events

Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, the company might experience further negative results, liquidity restraints and impairments on its assets in 2020. The exact impact on our activities in the remainder of 2020 and thereafter cannot be predicted. We also refer to the going concern section in note 2.

23. Ultimate controlling party

The ultimate controlling party is M Borjak.

M Borjak is the 100% shareholder of the parent company.