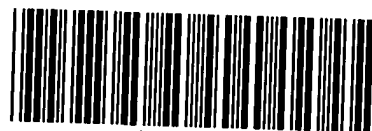


REGISTERED NUMBER: 01994671 (England and Wales)

CAFFE CONCERTO LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTOR AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

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CAFFE CONCERTO LIMITED

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FOR THE YEAR ENDED 31 AUGUST 2022**

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CAFFE CONCERTO LIMITED

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

Director: M Al Hajjar

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

CAFFE CONCERTO LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2022

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

Review of business

The director presents his strategic report with the financial statements for the year ended 31st August 2022.

Principal activities, review of business and future developments

The principal activity of the company was the operation of restaurants.

The Company's trading position during the year was as follows:

| | Year ended 31/08/2022 | Period ended 31/08/2021 |
|-------------------------|-----------------------|-------------------------|
| Turnover | £28,248,375 | £12,711,041 |
| Profit before tax | £10,859,969 | £2,019,379 |
| Net asset/(liabilities) | £6,265,703 | £(3,123,310) |

In the year ended 31 August 2022, the Company's revenues increased by 122% (2021: 28% decrease) as a result of an uninterrupted trading period following restaurant closures in the prior period due to COVID-19 restrictions.

The Company's profit before tax increased to £10,859,969 (2021: £2,019,379) as in the prior year a period of COVID-19 restrictions and uncertain economic times, dampened profitability.

The Company's financial position also improved considerably and a net asset position of £6,265,703 (2021: (£3,123,310) net liability) was restored by the increased profitability.

Overall, the director is satisfied with the financial performance and position of the Company and intends to continue this strong trajectory in the future.

CAFFE CONCERTO LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2022

Principal risks and uncertainties

a. Competition

The Company operates in a highly competitive market particularly around service, price and quality of the products. To mitigate this risk, the Director constantly monitors competition, customer service and food quality to maintain the strong reputation.

b. Cost Pressures of Key Ingredients

The current economic environment has resulted in the Company facing higher ingredient costs, driven by 3 key sources. Brexit - the Company is at risk of facing higher ingredient costs on imported goods such as coffee and cocoa. However, strong relationships with suppliers can reduce this risk somewhat.

War in Ukraine - Gas and Energy prices have increased significantly so the Company is trying to reduce energy use to avoid excessive costs.

General Inflation - Maintaining strong relationships with suppliers helps the Company to obtain price stability as well as entering into supply agreements which guarantee both price and quantity.

c. Employees

The Company's performance depends largely on its managers and staff. Brexit temporarily resulted in staff returning to their country. To mitigate these issues, the Company has recruited new staff, undertaken training programmes and has also introduced incentive schemes to retain key personnel.

d. Credit risk

The Company has no credit risk as the nature of the business results in a large customer base and minimum credit sales.

e. Market and interest rates risk

Market Risk includes two types of risk being currency risk and fair value interest rate risk. The Company does not have direct exposure to currency risk which is initially borne by its suppliers.

The Company finances its operations and any capital expenditure through retained profits and internally generated cash resources. The Director regularly reviews this policy.

f. Liquidity risk

The Company seeks to manage liquidity risk by reviewing cash balances on a daily basis and forecasting its cash flow requirements.

g. COVID 19 pandemic and further lockdowns

The Company stringently follows all government regulations that are in force. All the employees are focused on ensuring the safety of customers and themselves having attended numerous courses. Further lockdowns or advice to avoid hospitality are likely to impact the Company's performance, particularly if there is no substantial government support. The Director keeps himself up to date with the latest government pronouncements as well as rules and regulations relating to the industry.

Key performance indicators

The Director considers total sales, gross profit margin, sales and profit per store and number of employees to be the key performance indicators of the Company.

CAFFE CONCERTO LIMITED

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

Going concern

The Director has prepared the financial statements on a going concern basis based on detailed cashflow forecasts modelling a range of scenarios including various trading revenue levels and cost reductions that show the Company being able to meet any liabilities as they fall due over a period of at least 12 months from the date of the financial statements.

On behalf of the board:

M. AL HAJJAR

M Al Hajjar - Director

18 April 2023

CAFFE CONCERTO LIMITED

REPORT OF THE DIRECTOR FOR THE YEAR ENDED 31 AUGUST 2022

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

Principal activity

The principal activity of the Company has been disclosed in the Strategic Report.

Dividends

No dividends will be distributed for the year ended 31 August 2022.

Future developments

Future developments of the business have been set out in the Strategic Report.

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

M Al Hajjar has held office during the whole of the period from 1 September 2021 to the date of this report.

Other changes in directors holding office are as follows:

M Chahine resigned as a director after 31 August 2022 but prior to the date of this report.

Financial instruments

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

Employees

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.

Employee engagement

We consider that our employees act with the utmost integrity and professional expertise in providing our customers with premium products.

In doing so, the Director considers that employees are both rewarded fairly and incentivised to deliver the Company's strategy. The Director is kept informed on employee related matters from the Company's Human Resources personnel.

Consultation with employees happens when their views need to be considered in decisions the Company needs to make that will likely affect their interests. All employees are kept abreast of Company news and financial performance in quarterly business updates. There is also ongoing communication through the Company's notice boards, newsletters and team briefings.

CAFFE CONCERTO LIMITED

**REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 AUGUST 2022**

Director's responsibilities statement

The director is responsible for preparing the Strategic Report, the Report of the Director 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). 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;
- 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.

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

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.

Auditors

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

On behalf of the board:

M. AL HAJJAR

M Al Hajjar - Director

18 April 2023

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 2022 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 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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the the Company's ability to continue as a going concern.

Other information

The director is responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Director, 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.

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

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 Director 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 Director 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 Director.

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 Director's Responsibilities Statement set out on page six, 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.

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

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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the entity operates in and how the entity is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are UK Generally Accepted Accounting Principles, the Companies Act 2006, tax compliance and employment regulations.

In addition, we considered provisions of other laws and regulation that do not have a direct effect on the financial statements but compliance with which may be fundamental to the entity's ability to operate or to avoid a material penalty. The key laws and regulations we considered in this context included the Health and Safety Act.

We identified potential for fraud in the following area

- management override of controls
- improper revenue recognition

Our procedures to respond to risk identified included the following:

- reviewing financial statement disclosures
- enquiring of management, the directors and external legal advisors concerning actual and potential litigation and claims
- performing analytical procedures to identify any usual or unexpected relationships that may indicate material misstatement due to fraud
- testing the appropriateness of journal entries and assessing the assumptions reflected in accounting estimates for indication of a potential bias
- addressing the risk of fraud in revenue recognition by performing substantive testing between the till system, nominal ledger and bank receipts

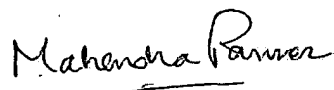
**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
CAFFE CONCERTO LIMITED**

Our audit procedures were designed to respond to risks of material misstatements in the financial statements recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as the fraud may involve deliberate concealment. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

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

18 April 2023

CAFFE CONCERTO LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2022**

| | Notes | 2022 £ | 2021 £ |
|--|-------|--------------|-------------|
| Turnover | 4 | 28,248,375 | 12,711,041 |
| Cost of sales | | (14,279,145) | (5,674,546) |
| Gross profit | | 13,969,230 | 7,036,495 |
| Administrative expenses | | (3,216,303) | (5,706,637) |
| | | 10,752,927 | 1,329,858 |
| Other operating income | | 103,443 | 689,521 |
| Operating profit | 6 | 10,856,370 | 2,019,379 |
| Interest receivable and similar income | | 3,599 | - |
| Profit before taxation | | 10,859,969 | 2,019,379 |
| Tax on profit | 7 | (1,470,956) | 190,031 |
| Profit for the financial year | | 9,389,013 | 2,209,410 |

The notes form part of these financial statements

CAFFE CONCERTO LIMITED

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2022**

| | Notes | 2022 £ | 2021 £ |
|---|-------|------------------|------------------|
| Profit for the year | | 9,389,013 | 2,209,410 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | <u>9,389,013</u> | <u>2,209,410</u> |

The notes form part of these financial statements

CAFFE CONCERTO LIMITED (REGISTERED NUMBER: 01994671)

STATEMENT OF FINANCIAL POSITION
31 AUGUST 2022

| | Notes | £ | 2022 £ | £ | 2021 £ |
|--|-------|-----------|-----------|------------|-------------|
| Fixed assets | | | | | |
| Tangible assets | 9 | | 3,432,291 | | 3,706,738 |
| Current assets | | | | | |
| Stocks | 10 | 540,800 | | 183,941 | |
| Debtors | 11 | 605,555 | | 1,217,062 | |
| Cash at bank and in hand | | 7,961,901 | | 2,460,435 | |
| | | 9,108,256 | | 3,861,438 | |
| Creditors | | | | | |
| Amounts falling due within one year | 12 | 5,964,060 | | 10,549,386 | |
| Net current assets/(liabilities) | | | 3,144,196 | | (6,687,948) |
| Total assets less current liabilities | | | 6,576,487 | | (2,981,210) |
| Provisions for liabilities | 15 | | 310,784 | | 142,100 |
| Net assets/(liabilities) | | | 6,265,703 | | (3,123,310) |
| Capital and reserves | | | | | |
| Called up share capital | 16 | | 30,000 | | 30,000 |
| Retained earnings | 17 | | 6,235,703 | | (3,153,310) |
| Shareholders' funds | | | 6,265,703 | | (3,123,310) |

The financial statements were approved by the director and authorised for issue on 18 April 2023 and were signed by:

M. AL HAJJAR

M Al Hajjar - Director

The notes form part of these financial statements

CAFFE CONCERTO LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2022**

| | Called up share capital £ | Retained earnings £ | Total equity £ |
|------------------------------------|------------------------------------|---------------------------|----------------------|
| Balance at 1 September 2020 | 30,000 | (5,362,720) | (5,332,720) |
| Changes in equity | | | |
| Profit for the year | - | 2,209,410 | 2,209,410 |
| Total comprehensive income | - | 2,209,410 | 2,209,410 |
| Balance at 31 August 2021 | 30,000 | (3,153,310) | (3,123,310) |
| Changes in equity | | | |
| Profit for the year | - | 9,389,013 | 9,389,013 |
| Total comprehensive income | - | 9,389,013 | 9,389,013 |
| Balance at 31 August 2022 | 30,000 | 6,235,703 | 6,265,703 |

The notes form part of these financial statements

CAFFE CONCERTO LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2022**

| | | 2022 | 2021 |
|---|--------------|------------------|------------------|
| | Notes | £ | £ |
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | 6,020,481 | 1,903,011 |
| Net cash from operating activities | | 6,020,481 | 1,903,011 |
| Cash flows from investing activities | | | |
| Purchase of tangible fixed assets | | (522,614) | (391,668) |
| Interest received | | 3,599 | - |
| Net cash from investing activities | | (519,015) | (391,668) |
| Cash flows from financing activities | | | |
| Amount introduced by directors | | - | 1 |
| Amount withdrawn by directors | | - | (2) |
| Net cash from financing activities | | - | (1) |
| Increase in cash and cash equivalents | | 5,501,466 | 1,511,342 |
| Cash and cash equivalents at beginning of year | 2 | 2,460,435 | 949,093 |
| Cash and cash equivalents at end of year | 2 | 7,961,901 | 2,460,435 |

The notes form part of these financial statements

CAFFE CONCERTO LIMITED

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

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

| | 2022 £ | 2021 £ |
|---------------------------------------|-------------------------|-------------------------|
| Profit before taxation | 10,859,969 | 2,019,379 |
| Depreciation charges | 797,061 | 866,791 |
| Government grants | - | (689,521) |
| Finance income | (3,599) | - |
| | <u>11,653,431</u> | <u>2,196,649</u> |
| Increase in stocks | (356,859) | (74,237) |
| Decrease in trade and other debtors | 611,507 | 387,083 |
| Decrease in trade and other creditors | (5,887,598) | (606,484) |
| Cash generated from operations | <u><u>6,020,481</u></u> | <u><u>1,903,011</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 2022

| | 31/8/22 £ | 1/9/21 £ |
|---------------------------|-------------------------|-------------------------|
| Cash and cash equivalents | <u><u>7,961,901</u></u> | <u><u>2,460,435</u></u> |

Year ended 31 August 2021

| | 31/8/21 £ | 1/9/20 £ |
|---------------------------|-------------------------|-----------------------|
| Cash and cash equivalents | <u><u>2,460,435</u></u> | <u><u>949,093</u></u> |

3. Analysis of changes in net funds

| | At 1/9/21 £ | Cash flow £ | At 31/8/22 £ |
|--------------------------|-------------------------|-------------------------|-------------------------|
| Net cash | | | |
| Cash at bank and in hand | <u>2,460,435</u> | <u>5,501,466</u> | <u>7,961,901</u> |
| | <u>2,460,435</u> | <u>5,501,466</u> | <u>7,961,901</u> |
| Total | <u><u>2,460,435</u></u> | <u><u>5,501,466</u></u> | <u><u>7,961,901</u></u> |

The notes form part of these financial statements

CAFFE CONCERTO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

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 Company meets its day-to-day working capital requirements through its profits. The current economic conditions continue to create uncertainty over (a) the level of demand for the Company's products; and (b) increasing costs in the foreseeable future. The Company's forecasts and projections, taking account of changes in trading performance, show that the Company should be able to operate and meet its liabilities. The Director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

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.

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.

| | |
|-----------------------|------------------------------|
| Short leasehold | - Over the term of the lease |
| 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.

2. Accounting policies - continued

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.

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.

2. **Accounting policies - continued**

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.

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.

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.

CAFFE CONCERTO LIMITED

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

5. Employees and directors

| | 2022 | 2021 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 7,084,852 | 1,414,599 |
| Social security costs | 445,756 | 227,907 |
| Other pension costs | 75,605 | 42,097 |
| | <u>7,606,213</u> | <u>1,684,603</u> |

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

| | 2022 | 2021 |
|----------------|------------|------------|
| Administration | 19 | 24 |
| Floor staff | 270 | 95 |
| | <u>289</u> | <u>119</u> |

| | 2022 | 2021 |
|-------------------------|---------------|---------------|
| | £ | £ |
| Directors' remuneration | <u>46,912</u> | <u>40,183</u> |

There were no directors in the company's defined contribution scheme during the period (2021: none)

6. Operating profit

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

| | 2022 | 2021 |
|--|------------------|------------------|
| | £ | £ |
| Hire of plant and machinery | 12,337 | 1,726 |
| Depreciation - owned assets | 790,374 | 858,391 |
| Depreciation - assets on hire purchase contracts or finance leases | 6,687 | 8,401 |
| Auditors' remuneration | 3,750 | 3,750 |
| Rent | <u>(785,298)</u> | <u>3,574,453</u> |

During the year ended 31 August 2022, there was an exceptional rent credit arising of £785,298 (2021: £3,574,453 expense). This was due to the release of accrued liabilities. In previous years, rent expense liabilities were recognised in Caffè Concerto Limited, but following negotiations with landlords, some rent liabilities were waived due to the COVID-19 lockdown period. Therefore, these liabilities have been extinguished with certainty.

CAFFE CONCERTO LIMITED

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

7. Taxation

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit for the year was as follows:

| | 2022 £ | 2021 £ |
|--------------------|------------------|------------------|
| Current tax: | | |
| UK corporation tax | 1,302,272 | - |
| Deferred tax | 168,684 | (190,031) |
| Tax on profit | <u>1,470,956</u> | <u>(190,031)</u> |

UK corporation tax has been charged at 19%.

Reconciliation of total tax charge/(credit) 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:

| | 2022 £ | 2021 £ |
|--|------------------|------------------|
| Profit before tax | 10,859,969 | 2,019,379 |
| Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%) | 2,063,394 | 383,682 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 151,442 | 164,691 |
| Capital allowances in excess of depreciation | (215,071) | - |
| Adjustments to tax charge in respect of previous periods | (528,809) | (738,404) |
| Total tax charge/(credit) | <u>1,470,956</u> | <u>(190,031)</u> |

The closing deferred tax provision has been calculated at 25% in accordance with the rates enacted at the Statement of Financial Position date.

At Budget 2021, the government announced that the main rate of Corporation Tax (for all profits except ring fenced profits) for the years starting 1 April 2021 and 2022 would remain at 19%. The government also announced that from 1 April 2023, the Corporation Tax main rate for non-ring fenced profits will be increased to 25% applying to profits over £250,000. A small profits rate (SPR) will also be introduced for companies with profits of £50,000 or less so that they will continue to pay Corporation Tax at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective Corporation Tax rate.

CAFFE CONCERTO LIMITED

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

8. 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 £75,605 (2021: £42,097).

9. Tangible fixed assets

| | Short leasehold £ | Fixtures and fittings £ | Motor vehicles £ | Equipment £ | Totals £ |
|-----------------------|-------------------------|----------------------------------|------------------------|----------------|-------------|
| Cost | | | | | |
| At 1 September 2021 | 310,675 | 8,131,756 | 19,500 | 1,412,749 | 9,874,680 |
| Additions | 20,923 | 334,508 | - | 167,183 | 522,614 |
| At 31 August 2022 | 331,598 | 8,466,264 | 19,500 | 1,579,932 | 10,397,294 |
| Depreciation | | | | | |
| At 1 September 2021 | 20,742 | 5,080,156 | 17,548 | 1,049,496 | 6,167,942 |
| Charge for year | 13,264 | 677,222 | 488 | 106,087 | 797,061 |
| At 31 August 2022 | 34,006 | 5,757,378 | 18,036 | 1,155,583 | 6,965,003 |
| Net book value | | | | | |
| At 31 August 2022 | 297,592 | 2,708,886 | 1,464 | 424,349 | 3,432,291 |
| At 31 August 2021 | 289,933 | 3,051,600 | 1,952 | 363,253 | 3,706,738 |

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 2021 and 31 August 2022 | 42,610 | 19,500 | 121,979 | 184,089 |
| Depreciation | | | | |
| At 1 September 2021 | 36,891 | 17,548 | 96,702 | 151,141 |
| Charge for year | 1,144 | 488 | 5,055 | 6,687 |
| At 31 August 2022 | 38,035 | 18,036 | 101,757 | 157,828 |
| Net book value | | | | |
| At 31 August 2022 | 4,575 | 1,464 | 20,222 | 26,261 |
| At 31 August 2021 | 5,719 | 1,952 | 25,277 | 32,948 |

CAFFE CONCERTO LIMITED

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

10. Stocks

| | 2022 | 2021 |
|--------|---------|---------|
| | £ | £ |
| Stocks | 540,800 | 183,941 |

The amount of stock recognised as an expense during the period was £183,941(2021: £109,704).

11. Debtors: amounts falling due within one year

| | 2022 | 2021 |
|---------------|----------------|------------------|
| | £ | £ |
| Trade debtors | 34,763 | 131,510 |
| Other debtors | 219,385 | 700,000 |
| VAT | - | 120,644 |
| Prepayments | 351,407 | 264,908 |
| | <u>605,555</u> | <u>1,217,062</u> |

12. Creditors: amounts falling due within one year

| | 2022 | 2021 |
|------------------|------------------|-------------------|
| | £ | £ |
| Trade creditors | 1,691,445 | 6,211,040 |
| Corporation tax | 1,302,272 | - |
| VAT | 307,045 | - |
| Other creditors | 2,319,183 | - |
| Accrued expenses | 344,115 | 4,338,346 |
| | <u>5,964,060</u> | <u>10,549,386</u> |

13. 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 £nil (2021: £50,000), which is secured against the assets of the company.

14. Financial instruments

Financial assets for the company measured at amortised cost comprise of trade debtors £34,763 (2021: £131,510) other debtors £219,385 (2021: £820,644), prepayments £351,407 (2021: £264,908), and cash £7,691,901 (2021:£2,460,435).

Financial liabilities for company measured at amortised cost comprise of trade creditors £1,691,445 (2021: £6,211,040), tax and VAT £1,635,787 (2021: £nil), other creditors £2,319,183 (2021: £nil) and accrued expenses £344,115 (2021: £4,338,346).

CAFFE CONCERTO LIMITED

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

15. Provisions for liabilities

| | 2022 £ | 2021 £ |
|-------------------------------|-----------|-----------|
| Deferred tax | | |
| Accelerated capital allowance | 310,784 | 142,100 |

| | Deferred tax £ |
|-----------------------------|-------------------|
| Balance at 1 September 2021 | 142,100 |
| Provided during year | 168,684 |
| Balance at 31 August 2022 | 310,784 |

16. Called up share capital

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 2022 £ | 2021 £ |
|---------|----------|-------------------|-----------|-----------|
| 30,000 | Ordinary | £1 | 30,000 | 30,000 |

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.

17. Reserves

| | Retained earnings £ |
|---------------------|---------------------------|
| At 1 September 2021 | (3,153,310) |
| Profit for the year | 9,389,013 |
| At 31 August 2022 | 6,235,703 |

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

18. Ultimate parent company

Imperial Invest Ltd is regarded by the director as being the company's ultimate parent company.

Imperial Invest Ltd prepares group financial statements and copies can be obtain from 29-31 Piccadilly, London, W1J 0LF

CAFFE CONCERTO LIMITED

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

19. 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.

During the period, the Company paid royalties of £2,769,836 (2021: £611,760) to Flowmade Enterprises Limited (FEL), a company controlled by M Borjak during and after the financial year. As at 31 August 2022, the amount due to FEL was £1,997,381 (2021: £100,439).

20. Post balance sheet events

On 11 November 2022, Imperial Invest Ltd sold its 100% ownership in Caffe Concerto Limited to M Borjak who became the direct controlling party. Furthermore, after the year-end Caffe Concerto Limited acquired 100% of the shares of 3 companies, namely Grand Central Cafe (Birmingham) Ltd, Concerto South Molton Ltd and Trades & Investments Ltd to facilitate further expansion of new stores.

21. Ultimate controlling party

Imperial Invest Ltd is the 100% shareholder and parent of the company. M Borjak is the ultimate controlling party by virtue of his sole ownership of the parent company.