

Strategic Report, Report of the Directors and

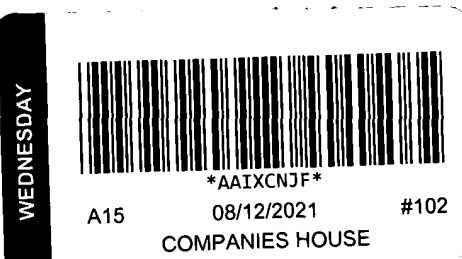
Financial Statements

for the Year Ended 31 August 2020

for

Caffe Concerto Limited

Westlake Clark Audit LLP  
7 Lynwood Court  
Priestlands Place  
Lymington  
Hampshire  
SO41 9GA



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for the Year Ended 31 August 2020

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Caffe Concerto Limited

Company Information  
for the Year Ended 31 August 2020

**DIRECTORS:**

M A AL-Hajjar  
M Borjak

**REGISTERED OFFICE:**

29-31 Piccadilly  
London  
W1J 0LF

**REGISTERED NUMBER:**

01994671 (England and Wales)

**AUDITORS:**

Westlake Clark Audit LLP  
7 Lynwood Court  
Priestlands Place  
Lymington  
Hampshire  
SO41 9GA

**SOLICITORS:**

Lawrence Stephens Solicitors  
50 Farringdon Road  
London  
EC1M 3HE

Caffe Concerto Limited

Strategic Report  
for the Year Ended 31 August 2020

The directors present their strategic report for the year ended 31 August 2020.

**REVIEW OF BUSINESS**

The company's turnover decreased by 38% to £17,769,012 (2019: £28,710,333) and profit before tax decreased to loss of £5,902,621 (2019: £699,658).

**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**

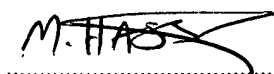
The directors consider the following to be the key performance indicators of the company's business:

|                          | <u>2020</u> | <u>2019</u> |
|--------------------------|-------------|-------------|
| Turnover                 | 17,769,012  | £28,710,333 |
| Gross profit             | 6,735,333   | £12,521,015 |
| Profit/(Loss) before tax | (5,902,621) | £699,958    |

**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 A AL-Hajjar - Director

Date: 30/11/2021

Caffe Concerto Limited

Report of the Directors  
for the Year Ended 31 August 2020

The directors present their report with the financial statements of the company for the year ended 31 August 2020.

**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 (2019 - £Nil) 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**

M A AL-Hajjar has held office during the whole of the period from 1 September 2019 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 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.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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.

**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.


Caffe Concerto Limited

Report of the Directors  
for the Year Ended 31 August 2020

**AUDITORS**

The auditors, Westlake Clark Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



M A AL-Hajjar - Director

Date: 30/11/2021

Report of the Independent Auditors to the Members of  
Caffe Concerto Limited

**Qualified opinion**

We have audited the financial statements of Caffe Concerto Limited (the 'company') for the year ended 31 August 2020 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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, except for the effects of the matter described in the Basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2020 and of its loss 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 qualified opinion**

We were unable to satisfactorily identify and verify a significant value of trade creditors outstanding as at 31 August 2020 and the accuracy of the closing stock valuation at 31 August 2020. Consequently, we were unable to determine whether any adjustments would be necessary.

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.

We draw attention to the fact that during the Year to 31 August 2020, the company incurred a net loss of £6,001,835 and as at that date, the company's current liabilities exceeded its total assets by £5,332,720.

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 any adjustments that would result if the company were unable to continue as a going concern. We do not have sufficient information or evidence to enable us to reach any opinion as to whether the company will continue as a going concern for the twelve months from the date of signing of this Audit Report.

**Emphasis of matter**

We draw your attention to Note 18 of the financial statements, which describes a number of events that have taken place since 1 September 2020.

In particular:

1. In January 2021, the holding company, Lux Management & Investments Group Limited entered into a Company Voluntary Arrangement. The income in Caffe Concerto Paye Limited is derived from recharges and management charges to group companies which is at risk in the event that the holding company fails to complete the Company Voluntary Arrangement.
2. We also draw attention to the changes to the group's financial and operating position since 1 September 2020 as detailed in Note 8 of the financial statements.

Report of the Independent Auditors to the Members of  
Caffe Concerto Limited

**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 Report of the Director.

As explained on page 5, these are, in our opinion, significant and material uncertainties relating to purchases, closing stock and trade creditors, and we cannot confirm that adequate accounting records have been kept and the accounting records are not accurate in all material respects.

Otherwise, any subject to the above paragraph, 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities 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.



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. 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.

Discussions were held with, and enquiries made of, management and those charged with governance with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

- o Those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards, Company Law, Tax and Pensions legislation, The Landlord and Tenant Covenants Act 1995 and distributable profits legislation.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; review of board minutes; testing the appropriateness of entries in the nominal ledger, including journal entries; reviewing transactions around the end of the reporting period; and the performance of analytical procedures to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAS (UK).

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.

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.



Peter Clegg BSc FCA (Senior Statutory Auditor)  
for and on behalf of Westlake Clark Audit LLP  
7 Lynwood Court  
Priestlands Place  
Lymington  
Hampshire  
SO41 9GA

Date: 2 December 2021

Caffe Concerto Limited

Income Statement  
for the Year Ended 31 August 2020

|                                             | Notes | 2020<br>£                 | 2019<br>£             |
|---------------------------------------------|-------|---------------------------|-----------------------|
| <b>TURNOVER</b>                             |       | 17,769,012                | 28,710,333            |
| Cost of sales                               |       | <u>(11,033,679)</u>       | <u>(16,189,318)</u>   |
| <b>GROSS PROFIT</b>                         |       | 6,735,333                 | 12,521,015            |
| Administrative expenses                     |       | <u>(12,637,955)</u>       | <u>(11,818,142)</u>   |
| <b>OPERATING (LOSS)/PROFIT</b>              | 4     | (5,902,622)               | 702,873               |
| Interest payable and similar expenses       | 5     | <u>-</u>                  | <u>(2,915)</u>        |
| <b>(LOSS)/PROFIT BEFORE TAXATION</b>        |       | (5,902,622)               | 699,958               |
| Tax on (loss)/profit                        | 6     | <u>(99,213)</u>           | <u>(132,992)</u>      |
| <b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b> |       | <u><u>(6,001,835)</u></u> | <u><u>566,966</u></u> |

The notes form part of these financial statements

Caffe Concerto Limited

Other Comprehensive Income  
for the Year Ended 31 August 2020

|                                                    | Notes | 2020<br>£          | 2019<br>£      |
|----------------------------------------------------|-------|--------------------|----------------|
| <b>(LOSS)/PROFIT FOR THE YEAR</b>                  |       | (6,001,835)        | 566,966        |
| <b>OTHER COMPREHENSIVE INCOME</b>                  |       | <u>-</u>           | <u>-</u>       |
| <b>TOTAL COMPREHENSIVE INCOME<br/>FOR THE YEAR</b> |       | <u>(6,001,835)</u> | <u>566,966</u> |

The notes form part of these financial statements

Balance Sheet  
31 August 2020

|                                              | Notes | 2020<br>£                 | 2019<br>£             |
|----------------------------------------------|-------|---------------------------|-----------------------|
| <b>FIXED ASSETS</b>                          |       |                           |                       |
| Tangible assets                              | 8     | 4,181,862                 | 3,510,352             |
| <b>CURRENT ASSETS</b>                        |       |                           |                       |
| Stocks                                       | 9     | 109,704                   | 220,763               |
| Debtors                                      | 10    | 92,803                    | 595,358               |
| Cash at bank and in hand                     |       | <u>949,093</u>            | <u>500,261</u>        |
|                                              |       | 1,151,600                 | 1,316,382             |
| <b>CREDITORS</b>                             |       |                           |                       |
| Amounts falling due within one year          | 11    | <u>(10,334,051)</u>       | <u>(3,979,137)</u>    |
| <b>NET CURRENT LIABILITIES</b>               |       | <u>(9,182,451)</u>        | <u>(2,662,755)</u>    |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       | (5,000,589)               | 847,597               |
| <b>PROVISIONS FOR LIABILITIES</b>            | 14    | <u>(332,131)</u>          | <u>(178,482)</u>      |
| <b>NET (LIABILITIES)/ASSETS</b>              |       | <u><u>(5,332,720)</u></u> | <u><u>669,115</u></u> |
| <b>CAPITAL AND RESERVES</b>                  |       |                           |                       |
| Called up share capital                      | 15    | 30,000                    | 30,000                |
| Retained earnings                            | 16    | <u>(5,362,720)</u>        | <u>639,115</u>        |
| <b>SHAREHOLDERS' FUNDS</b>                   |       | <u><u>(5,332,720)</u></u> | <u><u>669,115</u></u> |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 30/11/2021 and were signed on its behalf by:

M. HAJJAR  
M A AL-Hajjar - Director

Caffe Concerto Limited

Statement of Changes in Equity  
for the Year Ended 31 August 2020

|                                    | Called up<br>share<br>capital<br>£ | Retained<br>earnings<br>£ | Total<br>equity<br>£ |
|------------------------------------|------------------------------------|---------------------------|----------------------|
| <b>Balance at 1 September 2018</b> | 30,000                             | 72,149                    | 102,149              |
| <b>Changes in equity</b>           |                                    |                           |                      |
| Total comprehensive income         | -                                  | 566,966                   | 566,966              |
| <b>Balance at 31 August 2019</b>   | 30,000                             | 639,115                   | 669,115              |
| <b>Changes in equity</b>           |                                    |                           |                      |
| Total comprehensive income         | -                                  | (6,001,835)               | (6,001,835)          |
| <b>Balance at 31 August 2020</b>   | 30,000                             | (5,362,720)               | (5,332,720)          |

The notes form part of these financial statements

Caffe Concerto Limited

Cash Flow Statement  
for the Year Ended 31 August 2020

|                                                                         | Notes | 2020<br>£             | 2019<br>£             |
|-------------------------------------------------------------------------|-------|-----------------------|-----------------------|
| <b>Cash flows from operating activities</b>                             |       |                       |                       |
| Cash generated from operations                                          | 1     | 2,155,560             | 855,393               |
| Interest paid                                                           |       | -                     | (107)                 |
| Interest element of hire purchase or finance lease rental payments paid |       | -                     | (2,808)               |
| Tax paid                                                                |       | -                     | (44,276)              |
| Net cash from operating activities                                      |       | <u>2,155,560</u>      | <u>808,202</u>        |
| <b>Cash flows from investing activities</b>                             |       |                       |                       |
| Purchase of tangible fixed assets                                       |       | <u>(1,661,336)</u>    | <u>(1,101,260)</u>    |
| Net cash from investing activities                                      |       | <u>(1,661,336)</u>    | <u>(1,101,260)</u>    |
| <b>Cash flows from financing activities</b>                             |       |                       |                       |
| Amount introduced by directors                                          |       | -                     | (100,000)             |
| Amount withdrawn by directors                                           |       | <u>(45,392)</u>       | <u>-</u>              |
| Net cash from financing activities                                      |       | <u>(45,392)</u>       | <u>(100,000)</u>      |
| <b>Increase/(decrease) in cash and cash equivalents</b>                 |       | <u>448,832</u>        | <u>(393,058)</u>      |
| <b>Cash and cash equivalents at beginning of year</b>                   | 2     | <u>500,261</u>        | <u>893,319</u>        |
| <b>Cash and cash equivalents at end of year</b>                         | 2     | <u><u>949,093</u></u> | <u><u>500,261</u></u> |

The notes form part of these financial statements

Caffe Concerto Limited

Notes to the Cash Flow Statement  
for the Year Ended 31 August 2020

1. **RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

|                                                | 2020                    | 2019                  |
|------------------------------------------------|-------------------------|-----------------------|
|                                                | £                       | £                     |
| (Loss)/profit before taxation                  | (5,902,622)             | 699,958               |
| Depreciation charges                           | 989,826                 | 877,877               |
| Finance costs                                  | <u>-</u>                | <u>2,915</u>          |
|                                                | (4,912,796)             | 1,580,750             |
| Decrease/(increase) in stocks                  | 111,059                 | (496,548)             |
| Decrease/(increase) in trade and other debtors | 502,555                 | (482,432)             |
| Increase in trade and other creditors          | <u>6,454,742</u>        | <u>253,623</u>        |
| <b>Cash generated from operations</b>          | <u><u>2,155,560</u></u> | <u><u>855,393</u></u> |

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 August 2020**

|                           | 31.8.20               | 1.9.19                |
|---------------------------|-----------------------|-----------------------|
|                           | £                     | £                     |
| Cash and cash equivalents | <u><u>949,093</u></u> | <u><u>500,261</u></u> |

**Year ended 31 August 2019**

|                           | 31.8.19               | 1.9.18                |
|---------------------------|-----------------------|-----------------------|
|                           | £                     | £                     |
| Cash and cash equivalents | <u><u>500,261</u></u> | <u><u>893,319</u></u> |

3. **ANALYSIS OF CHANGES IN NET FUNDS**

|                          | At 1.9.19             | Cash flow             | At 31.8.20            |
|--------------------------|-----------------------|-----------------------|-----------------------|
|                          | £                     | £                     | £                     |
| <b>Net cash</b>          |                       |                       |                       |
| Cash at bank and in hand | <u>500,261</u>        | <u>448,832</u>        | <u>949,093</u>        |
|                          | <u>500,261</u>        | <u>448,832</u>        | <u>949,093</u>        |
| <b>Total</b>             | <u><u>500,261</u></u> | <u><u>448,832</u></u> | <u><u>949,093</u></u> |

The notes form part of these financial statements



**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 2020

**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.

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.

|                       |                                |
|-----------------------|--------------------------------|
| Leasehold properties  | - Over the period 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.

**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 balance sheet date.

**DEFERRED TAX**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet 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.

**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.

Notes to the Financial Statements - continued  
for the Year Ended 31 August 2020

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.

**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.

**CASH AT BANK AND CASH 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 2020

**2. ACCOUNTING POLICIES - continued**

**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.

**3. EMPLOYEES AND DIRECTORS**

|                       | 2020             | 2019             |
|-----------------------|------------------|------------------|
|                       | £                | £                |
| Wages and salaries    | 3,743,419        | 7,713,455        |
| Social security costs | 256,789          | 538,554          |
| Other pension costs   | 43,959           | 72,352           |
|                       | <u>4,044,167</u> | <u>8,324,361</u> |

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

|                | 2020       | 2019       |
|----------------|------------|------------|
| Administration | 26         | 26         |
| Floor staff    | 182        | 470        |
|                | <u>208</u> | <u>496</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.

|                         | 2020     | 2019     |
|-------------------------|----------|----------|
|                         | £        | £        |
| Directors' remuneration | <u>-</u> | <u>-</u> |

**4. OPERATING (LOSS)/PROFIT**

The operating loss (2019 - operating profit) is stated after charging:

|                                                                    | 2020         | 2019         |
|--------------------------------------------------------------------|--------------|--------------|
|                                                                    | £            | £            |
| Hire of plant and machinery                                        | 11,602       | 9,568        |
| Depreciation - owned assets                                        | 979,976      | 865,492      |
| Depreciation - assets on hire purchase contracts or finance leases | 9,850        | 12,385       |
| Auditors' remuneration                                             | <u>2,250</u> | <u>1,500</u> |

Caffe Concerto Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 August 2020

5. **INTEREST PAYABLE AND SIMILAR EXPENSES**

|                              | 2020     | 2019         |
|------------------------------|----------|--------------|
|                              | £        | £            |
| Bank interest                | -        | 3            |
| Interest on overdue tax paid | -        | 104          |
| Hire purchase                | -        | 2,808        |
|                              | <u>-</u> | <u>2,915</u> |

6. **TAXATION**

**Analysis of the tax charge**

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

|                      | 2020          | 2019           |
|----------------------|---------------|----------------|
|                      | £             | £              |
| Current tax:         |               |                |
| UK corporation tax   | (54,435)      | 53,531         |
| Deferred tax         | 153,648       | 79,461         |
| Tax on (loss)/profit | <u>99,213</u> | <u>132,992</u> |

UK corporation tax was charged at 19% in 2019:

**RECONCILIATION OF TOTAL TAX CHARGE INCLUDED IN PROFIT AND LOSS**

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

|                                                                                               | 2020               | 2019           |
|-----------------------------------------------------------------------------------------------|--------------------|----------------|
|                                                                                               | £                  | £              |
| (Loss)/profit before tax                                                                      | <u>(5,902,622)</u> | <u>699,958</u> |
| (Loss)/profit multiplied by the standard rate of corporation tax in the UK of 0% (2019 - 19%) | -                  | 132,992        |
| Effects of:                                                                                   |                    |                |
| Capital allowances in excess of depreciation                                                  | -                  | (79,461)       |
| Utilisation of tax losses                                                                     | (54,436)           | -              |
| Deferred tax                                                                                  | 153,649            | 79,461         |
| Total tax charge                                                                              | <u>99,213</u>      | <u>132,992</u> |

7. **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 £43,959 (2019: £72,352). Contributions totalling £Nil (2019: £6,479) 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 2020

8. **TANGIBLE FIXED ASSETS**

|                       | Short<br>leasehold<br>£ | Fixtures<br>and<br>fittings<br>£ | Motor<br>vehicles<br>£ | Computer<br>equipment<br>£ | Totals<br>£      |
|-----------------------|-------------------------|----------------------------------|------------------------|----------------------------|------------------|
| <b>COST</b>           |                         |                                  |                        |                            |                  |
| At 1 September 2019   | -                       | 6,501,506                        | 19,500                 | 1,300,670                  | 7,821,676        |
| Additions             | <u>265,000</u>          | <u>1,374,351</u>                 | <u>-</u>               | <u>21,985</u>              | <u>1,661,336</u> |
| At 31 August 2020     | <u>265,000</u>          | <u>7,875,857</u>                 | <u>19,500</u>          | <u>1,322,655</u>           | <u>9,483,012</u> |
| <b>DEPRECIATION</b>   |                         |                                  |                        |                            |                  |
| At 1 September 2019   | -                       | 3,427,606                        | 16,029                 | 867,689                    | 4,311,324        |
| Charge for year       | <u>8,315</u>            | <u>889,650</u>                   | <u>868</u>             | <u>90,993</u>              | <u>989,826</u>   |
| At 31 August 2020     | <u>8,315</u>            | <u>4,317,256</u>                 | <u>16,897</u>          | <u>958,682</u>             | <u>5,301,150</u> |
| <b>NET BOOK VALUE</b> |                         |                                  |                        |                            |                  |
| At 31 August 2020     | <u>256,685</u>          | <u>3,558,601</u>                 | <u>2,603</u>           | <u>363,973</u>             | <u>4,181,862</u> |
| At 31 August 2019     | <u>-</u>                | <u>3,073,900</u>                 | <u>3,471</u>           | <u>432,981</u>             | <u>3,510,352</u> |

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

|                                           | Fixtures<br>and<br>fittings<br>£ | Motor<br>vehicles<br>£ | Computer<br>equipment<br>£ | Totals<br>£    |
|-------------------------------------------|----------------------------------|------------------------|----------------------------|----------------|
| <b>COST</b>                               |                                  |                        |                            |                |
| At 1 September 2019<br>and 31 August 2020 | <u>42,610</u>                    | <u>19,500</u>          | <u>119,164</u>             | <u>181,274</u> |
| <b>DEPRECIATION</b>                       |                                  |                        |                            |                |
| At 1 September 2019                       | 33,674                           | 16,029                 | 83,187                     | 132,890        |
| Charge for year                           | <u>1,787</u>                     | <u>868</u>             | <u>7,195</u>               | <u>9,850</u>   |
| At 31 August 2020                         | <u>35,461</u>                    | <u>16,897</u>          | <u>90,382</u>              | <u>142,740</u> |
| <b>NET BOOK VALUE</b>                     |                                  |                        |                            |                |
| At 31 August 2020                         | <u>7,149</u>                     | <u>2,603</u>           | <u>28,782</u>              | <u>38,534</u>  |
| At 31 August 2019                         | <u>8,936</u>                     | <u>3,471</u>           | <u>35,977</u>              | <u>48,384</u>  |

9. **STOCKS**

|        | 2020<br>£      | 2019<br>£      |
|--------|----------------|----------------|
| Stocks | <u>109,704</u> | <u>220,763</u> |

The amount of stock recognised as an expense during the period was £220,763 (2019: £218,762).

10. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|             | 2020<br>£     | 2019<br>£      |
|-------------|---------------|----------------|
| Prepayments | <u>92,803</u> | <u>595,358</u> |

Caffe Concerto Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 August 2020

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                    | 2020              | 2019             |
|------------------------------------|-------------------|------------------|
|                                    | £                 | £                |
| Trade creditors                    | 4,689,020         | 930,336          |
| Amounts owed to group undertakings | 3,159,542         | 2,425,296        |
| Corporation tax liability          | -                 | 54,435           |
| VAT                                | 330,486           | 363,528          |
| Directors' current accounts        | 1                 | 45,393           |
| Accrued expenses                   | <u>2,155,002</u>  | <u>160,149</u>   |
|                                    | <u>10,334,051</u> | <u>3,979,137</u> |

**12. 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 (2019: £50,000), which is secured against the assets of the company.

**13. FINANCIAL INSTRUMENTS**

Financial assets for the company measured at amortised cost comprise of prepayments £92,803 (2019: £595,358) and cash £949,093 (2019: £500,261).

Financial liabilities for company measured at amortised cost comprise of amounts owed to group undertakings £3,159,541 (2019: £2,425,296), trade creditors £4,689,202 (2019: £930,336), other creditors £330,487 (2019: £463,356) and accrued expenses £2,155,002 (2019: £160,149).

**14. PROVISIONS FOR LIABILITIES**

|                                | 2020           | 2019           |
|--------------------------------|----------------|----------------|
|                                | £              | £              |
| Deferred tax                   |                |                |
| Accelerated capital allowances | <u>332,131</u> | <u>178,482</u> |
|                                |                | Deferred tax   |
|                                |                | £              |
| Balance at 1 September 2019    |                | 178,482        |
| Provided during year           |                | <u>153,649</u> |
| Balance at 31 August 2020      |                | <u>332,131</u> |

|                                | 2020           | 2019           |
|--------------------------------|----------------|----------------|
|                                | £              | £              |
| Deferred tax                   |                |                |
| Accelerated capital allowances | <u>333,711</u> | <u>178,482</u> |

**15. CALLED UP SHARE CAPITAL**

| Allotted, issued and fully paid: |          |                | 2020          | 2019          |
|----------------------------------|----------|----------------|---------------|---------------|
| Number:                          | Class:   | Nominal value: | £             | £             |
| 30,000                           | Ordinary | £1             | <u>30,000</u> | <u>30,000</u> |

Caffe Concerto Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 August 2020

**15. CALLED UP SHARE CAPITAL - continued**

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.

**16. RESERVES**

|                      | Retained<br>earnings<br>£ |
|----------------------|---------------------------|
| At 1 September 2019  | 639,115                   |
| Deficit for the year | <u>(6,001,835)</u>        |
| At 31 August 2020    | <u>(5,362,720)</u>        |

**17. 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.

**18. EVENTS SINCE THE END OF THE YEAR**

This group, like so many in the hospitality industry world-wide, has been materially impacted by the Covid-19 pandemic. The impact of government enforced lockdowns and the subsequent changes in customer buying patterns has adversely affected this business, along with thousands of others in the hospitality industry. This has brought about several structural changes, within the Lux Management and Investments group, including the following

- The sale of Caffe Concerto Ltd in September 2020.
- The sale of all shares held in Flowmade Enterprises Ltd in January 2021
- The Voluntary Liquidation (CVL) of Concerto Distribution Ltd in January 2021
- The holding company entered into a Company Voluntary Arrangement in January 2021

**19. ULTIMATE PARENT PARTY**

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

The company was sold to Imperial Invest Limited in September 2020.

**20. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is Imperial Invest Ltd.

Imperial Invest Ltd is the 100% shareholder of the parent company and has been since 1 September 2020.