

Momentum

Momentum Services Limited

Annual report and accounts

Registered number 03874110

31 December 2019

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Contents

Officers and professional advisers	3
Strategic report	4
Directors' report	8
Independent auditor's report to the members of Momentum Services Limited	11
Statement of comprehensive income	14
Statement of financial position	15
Cash flow statement	16
Statement of changes in equity	17
Notes to the financial statements	18

Officers and professional advisers

Directors

Cristian BIASONI
David Cheeseman
Joseph N Zaidan
Fabio Croce-Sebastiani
Frank Whittaker

Secretary

Antonio Ghirarduzzi

Registered office

90a Tooley Street
London
SE1 2TH

Country of incorporation

United Kingdom

Legal form

Company Limited by Shares

Bankers

Barclays Bank Plc
54 Lombard Street
London
EC3P 3AH

Barclays Bank Plc
45 Boulevard Haussmann
75009
Paris
France

KBC Bank
Succursale Louise
Avenue Louise 525-527
1050 Bruxelles
Belgium

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Lawyers

Stephenson Harwood LLP
1 Finsbury Circus
London
EC2M 7SH

Strategic report

Principal activities

The principal activity of the company is the provision of the railway restaurant and related services on board Eurostar trains running between London and Paris, London and Brussels, London and Amsterdam and to other destinations pursuant to a contract entered into with Eurostar International Limited ("Eurostar"). The company also operates the Business Premier Lounges and the on-board equipment management contracts with Eurostar.

Market overview and contracts

The company was awarded a new contract for a 7 year period signed on 11 December 2013. The new contract started on 1 June 2014 and expires on 31 May 2021. The new contract includes the on-board services, the Business Premier Lounge services, the on-board equipment management and the bar buffet. The Paris lounge services are subcontracted to Lounge Services SAS, a fellow subsidiary company incorporated in France.

During 2019, the business has experienced a positive level of activities with the consolidation of the Amsterdam route, which has started to run 3 daily services since June 2019 and with the steady positive market in the inter-capital routes, especially in the Paris axis. The volumes of passengers increased by +2.6% year on year and the volume of trains increased by 2.8% year on year.

2020 has started with a different trend with the softening of the passengers volumes due to the uncertainty of the outcome of the Brexit negotiations, the national strikes in France which paralysed the transport network in Paris over the New Years holidays and lately the outbreak of the Covid-19 (see Covid-19 consideration below).

From the positive side, 2020 should see the launch of the Amsterdam direct return service and Momentum Services Limited has been awarded the management of the check-in station operations in both Amsterdam and Rotterdam terminals.

Results for the year

Profit after taxation for the financial year amounted to €1,561,000 (2018: €1,862,000).

The profit has maintained a positive level thanks to the cost efficiency created through better labour cost scheduling and management and to the satisfactory performance bonus achieved throughout the year. Revenues have increased year on year by £3.9m (6.0%) thanks to the growth of the Amsterdam route with 3 daily services and thanks to strong passengers' volumes in the Paris route. The staff costs have consequently increased with the expansion of the Netherlands operations. Operating profit has decreased to 2.7% (2018: 3.2%) of turnover, primarily a result of operating charges over-spending of the Eurostar contract and the termination of the credit d'imput benefit granted by the French government until 2018.

Key performance indicators

The main key performance indicators, as outlined in the Eurostar contracts (customers' satisfaction score and cost savings), show that the organisation has performed to expectations in 2019. The performance bonus score which is one for all services has maintained satisfactory levels in line with the old quality score of 95% of the management fee of the on-board contract.

Covid-19 and related business impact

The Company operations and activities have been significantly impacted by the Covid-19 pandemic outbreaks. This is treated as a post balance sheet event and it is considered as a non-adjusting event because, at the Balance Sheet date 31 December 2019, the virus was not known and not reported by the World Health Organisation. The Company activities have been significantly reduced in the second quarter of the financial year 2020 and the virus is likely to have an important impact in the final financial performance of 2020. The key impact and measures that have been taken into account following Covid-19 pandemic outbreaks are outlined below:

- Market and business activities

The business activities have been reduced by 90% from 16 March 2020 with the operation of only one Eurostar

Strategic report (continued)

Covid-19 and related business impact (continued)

daily service to Paris and Brussels and complete closure of the other routes such as Amsterdam and Disney. This is expected to last until June 2020 and, consequently, the revenues and profitability of the company have been materially impacted.

The Company is in process of agreeing with the Client, Eurostar, a contingency budget plan during the lock down period and this will enable to the Company to preserve financial resources and its current structure.

- Employees

The Company has decided to take advantage of the grants and measures offered by the Governments of the United Kingdom, France, Belgium and The Netherlands for the next three months. In the UK the majority of the staff will be furloughed through the job retention scheme programme. In France, in Belgium and in the Netherlands the company have applied for equivalent available schemes.

The adoption of these measures will enable the Company to retain its current people structure and be in a strong position to re-boot the business activities when the pandemic outbreak is over. The company is committed to continually monitor the development of the situation and to redeploy its staff when the business requirements will need to do so.

- Welfare

The Company have issued an interim guidance for all employees and specifically for those working on the Eurostar trains in direct contact with customers to respect the self- distancing rules. The company has also taken steps to actively support sick workers and have put in place a policy that enables those employees, who are still working, to work away from the office, with an effective remote technology plan.

- Tax deferrals and advantages

Along with the job retentions schemes, the Governments of the local countries, where the Company operates, have also introduced a series of measures and fiscal stimulus which the Company have accepted to utilise. The Chancellor has set out a package of temporary, timely and targeted measures to support businesses through the period of disruption caused by COVID-19. These include the deferment of VAT payments from 20 March 2020 and 30 June 2020, national insurance and social security payment and as well as corporation tax payment until a later date in the year.

- Supply chain

The spread of the new coronavirus, COVID-19, is being felt globally across operations in ways that are difficult to model and assess. The affected regions are at the heart of many global supply chains. In the near term, the cost of supplies from China may increase, stemming from overtime and expedited freight costs, as well as from paying premiums to buy up supply and hold capacity. The Company and the Board of Directors are currently assessing the supply chain situation and they are working closely with its suppliers to make sure they have enough resources and they are ready to deliver the products for the rebooting period.

Recoverability of trade receivables

The Company have assessed the cash position following the Covid-19 outbreaks and the recoverability of the trade receivables. The majority of the outstanding trade receivables has been recovered and the Board of Directors have reasonable information and contractual arrangement in place with the Client that no credit losses are expected. All trade receivables are expected to be received within the agreed terms. However, given the current uncertainty there are considered to be certain circumstances under which trade receivables may not be recoverable.

Strategic report (continued)

Covid-19 and related business impact (continued)

- Uncertainty and stress test

Uncertainty around the scale, timing and impact of the coronavirus pandemic means it is difficult to give meaningful guidance for the performance in the year ahead. In summary the Company have given consideration to a range of outcomes for the current year for different scenarios. The Company have assessed the cash position following the Covid-19 outbreaks and in particular the recoverability of trade receivables. All trade receivables are expected to be received within the agreed terms. However, because of the impact of the Coronavirus pandemic on the economic climate there is uncertainty as to when the operations of the Company's major customer will recommence which in turn may affect the flow of cash derived from future trading income which is presumed in the cash flow forecasts. Should these activities not recommence when forecast, alternative financial support may be required. These conditions indicate that there is a material uncertainty which may cast significant doubt in respect of the ability of the company to continue as a going concern.

Section 172 Statement

The Board of directors of Momentum Services Limited consider, both individually and together, that they have acted in the way they consider good faith and promote the success of the company for the benefit of its members as a whole.

The Company is not required to adopt an official recognised corporate government code. However, the Board of Directors have introduced an internal corporate governments code which establish rules and guidelines for strategic, commercial, financial, legal and employment matters. These duties are detailed in this section 172 of the UK Companies Act 2006 which is summarise below:

- Risk Management

The company provides business critical services for the client, Eurostar, in an highly regulated environment. It is therefore vital that the company effectively identify, evaluate, manage and mitigate the risks the business faces, and the company continues to evolve its approach to its risk management.

- The People

The Company is committed to being a responsible business. The Company behaviour is aligned with the expectation of its people, clients, shareholders and communities and society as a whole. People are at the heart of the delivery of excellent customer service to the Client Eurostar and its customers. For our business to succeed we need to manage people's performance and develop and bring through talent while ensuring the Company operate as efficiently as possible.

The Board of Directors of the Company engage directly with the employees through regular visits and meetings taking place in all offices across Europe. Both the Board of Directors and the executive management team are holding regular meeting with trade unions officials in the UK, France and Belgium to discuss current matters and to address any concerns and to maintain a positive constructive working relationship.

- Business Relationship

The Company strategy is focused on delivering excellent customer service to Eurostar and its clients through the enhancement of the catering services on board the trains and in Business Premium Lounges. To do this, the Company need to develop and maintain strong client relationships. The Company also values all of its suppliers as they are key in enabling the Company to deliver its strategy. The company has long term contracts with its key suppliers.

- Community and environment

The Company's approach is to use its position of strength to create positive changes for the people and the communities with which the Company interact. The Company is committed to embrace the safeguard of the environment and to reduce the utilization of plastic in its services having delivered the 'first plastic FREE train' during the financial year ended 31 December 2019.

Strategic report (continued)

Section 172 Statement (continued)

• *Shareholders*

The Executive team and the Board of Directors are openly engaged with the Company shareholders as they recognise the importance of continuing an effective dialogue with the ultimate Parent Company, Cremonini S.p.A. and its shareholders. The shareholders are actively engaged in the Company affairs with their representatives being members of the Board of Directors. They support the Company by helping to deliver its key objectives and strengthening the client relationship with Eurostar

Other principal risks and uncertainties

Brexit

The company considers uncertainty around Brexit still a principal risk approaching the end of the transition period 31 December 2020, the date when the United Kingdom is officially ceasing to operate under the European Union rules and the law under a new agreement should be in place. The key principles of the new law are still unknown and with the risk of the United Kingdom existing without an agreement with the European Union still a possibility the company has identified the following key risks:

- Customs tariffs – introductions of WTO tariffs, loss to access to EU markets and increase in duty import charges.
- Supply chain friction – increased cost of stock piling and warehouse space.
- Labour mobility – difficulty to access the industry recruitment market and to find the required skilled labour
- Macroeconomic environment – drop in the value of sterling and potential decrease in valuation of assets.


The company has introduced a specific task force dedicated to developing a plan in order to mitigate these risks. The directors have been working to take the necessary measures to mitigate such risks and a specific plan has been put in place for the labour market implication, for the availability of goods and products for potential increases in food and beverage prices and for the currency exposure. The directors are constantly monitoring the outcome of the Brexit negotiation with any potential other risks that may arise from it.

Going concern risk

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in this report. The company is dependent on one source of income; that is income from contracts operated with Eurostar in relation to the provision of the railway restaurant and related services on board Eurostar trains running between London and Paris, London and Brussels and to other destinations. The company also operates the Business Premier Lounges and equipment contracts with Eurostar. At the balance sheet date all contracts have 1 year and 5 months to completion and the renewal still needs to be formalised with Eurostar.

The directors consider that the provision of these contracts will provide sufficient resources for the company to continue to meet its liabilities as they fall due and as such the financial statements have been prepared on a going concern basis. The budget for 2020, approved by the Board of Directors in December 2019, indicated that the company was expected to maintain the current profitability for the next financial year. However, following the Covid-19 outbreak and its financial impact, the directors have reviewed the forecast for the profit and loss account and for the cash flows of the company. See discussion under the Covid-19 and related business impact section of this report.

By order of the board,



David Cheeseman

Director

Date: 27/04/2020

Directors' report

Directors and their interests

The directors who served during the year and up to the date of this report were as follows:

Cristian Biasoni
David Cheeseman
Joseph N Zaidan
Fabio Croce-Sebastiani
Frank Whittaker

None of the directors hold any interest in the company. During the year Cristian Biasoni was directors of Chef Express S.p.A. His interests in Chef Express S.p.A. and Cremonini S.p.A. are disclosed in those companies' accounts.

Fabio Croce-Sebastiani's salary was paid by Momentum Services Limited and then re-charged to Chef Express S.p.A. for services related to Chef Express S.p.A. The outstanding balance owed to the company at 31 December 2019 in respect of these charges is €26,690 (2018: €135,428). The total recharge for the year is €164,072 (2018: €156,665).

Accounting framework

The company adopt FRS 101 'Reduced Disclosure Framework'. From the 1st of January 2019 the company has adopted IFRS '16' Lease. It is mandatory under the IFRS framework to adopt IFRS 16 'Leases' which replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

Ownership

The company is owned by Chef Express UK Limited, a company incorporated in England and Wales, which held 100% of the equity.

Dividend

Dividends totalling €1,800,000 were paid in 2019 to Chef Express UK (2018: €1,250,000 to Chef Express UK).

A final dividend for the financial year of €1,650,000 (2018: €1,800,000) will be proposed at the forthcoming AGM. No provision for this dividend has been made at the Balance Sheet date.

Directors' insurance and indemnities

The Company has entered into qualifying third party indemnity arrangements for the benefit of all its Directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the year and remain in force.

Principal financial risk and uncertainty

In addition to the risks created by Brexit and macroeconomic events such the extraordinary impact related Covid-19 outbreak, as discussed on pages 4, 5 and 6, the company activities expose it to a variety of financial risks. These risks are not exceptional or different in nature from those that are customary in the industry. The company seeks to minimise potential adverse effects on its financial performance.

(a) Market risk

(i) Foreign exchange risk

The company activities takes place in the United Kingdom and in the EURO countries, France, Belgium and The Netherlands. The company results and shareholders' equity are therefore affected by foreign exchange rates. The exchange risk is limited because transactions are denominated largely in the functional currencies of the subsidiaries. The associated risk is not hedged.

Directors' report (continued)

Directors' responsibilities (continued)

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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

In accordance with Section 487 of the Companies Act 2006, BDO UK Audit LLP will be deemed to be re-appointed as auditor of the company.

Approval

The Directors' Report was approved by order of the Board on 09 April 2020.



Antonio Ghirarduzzi
Company Secretary
Date: 09/04/2020

Directors' report (continued)

Principal financial risk and uncertainty (continued)

(i) Price risk

The price risk is associated with the increase of the cost of material to produce food and drinks and to the inflationary price increases. The company has agreed a price indexation reimbursement clause with the client. The company takes a view that its currency policy on price risk is well balanced.

(b) Credit risk

The company's cash and cash equivalent are held in the bank accounts of each local country where it operates. The company limit the associated credit risk as a result of the Group's policy to work only with respectable banks and financial institutions. The company has positive cash flow and it expect to continue for the next twelve months from the balance sheet date and beyond.

Overseas branches

The company has the following overseas branches:

- In France at the address 43 Rue de Dunquerque, 75010 Paris
- In Belgium at the address Frankrijkstraat - 95 Rue de France, B-1070 Brussels
- In The Netherlands at the address Carolina MacGillavrylaan 3402, 1098XJ Amsterdam

All European branches are carrying out Momentum activities in relation to the Eurostar contract for the France, Belgium and The Netherlands territories respectively.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that employees' views are taken into account when decisions are made that are likely to affect their interests. It ensures that all the employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through the house newspaper, newsletters and briefing groups.

Strategic report

In accordance with section S414C (11) of the Companies Act 2006, the company has produced a Strategic Report which is set out on page 4. Information on post balance sheet events and likely future developments in the business of the company has been included in the Strategic Report on pages 4-7.

Directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report 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 company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including 'FRS 101 Disclosure Framework' 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOMENTUM SERVICES LIMITED

Opinion

We have audited the financial statements of Momentum Services Limited ("the Company") for the year ended 31 December 2019 which comprise the Statement of comprehensive income, Statement of financial position, Cash flow statement, Statement of changes in equity and 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 101 Reduced Disclosure Framework (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 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's 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

We draw attention to note 1 to the financial statements, which indicates that due to the uncertainty of the effect of the Coronavirus pandemic, the company has forecast certain scenarios which are reasonably possible and in which the alternative financial support may be required. As stated in note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOMENTUM SERVICES LIMITED
(CONTINUED)**

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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report 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 and Director's report.

We have nothing to report in respect of the following matters in relation to which 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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, 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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements


Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOMENTUM SERVICES LIMITED
(CONTINUED)**

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 an auditor's report 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.



Dominic Stammers (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
09 April 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of comprehensive income
For the year ended 31 December 2019

	Note	2019 €'000	2018 €'000
Turnover	3	68,188	64,297
Other Income	3	-	31
Operating statement charges	3	(131)	1
Raw material and consumables		(20,738)	(20,753)
Depreciation – fixed assets	10	(375)	(412)
Depreciation – right to use assets	11	(527)	-
Other external charges		(7,823)	(7,368)
Staff costs	6	(35,512)	(32,781)
Other operating charges		(1,154)	(794)
Exchange differences	4	(67)	(107)
Operating profit		1,861	2,114
Interest receivables and similar charges	8	2	-
Interest payable and similar charges	8	(30)	(28)
Profit on ordinary activities before taxation		1,833	2,086
Tax on profit on ordinary activities	9	(272)	(224)
Profit for the financial year		1,561	1,862
Other comprehensive income:			
Exchange gains/(losses) arising on translation of foreign currency operations		120	(36)
Total comprehensive income		1,681	1,826

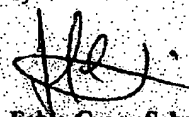
The results shown above are derived wholly from continuing operations.

The notes from page 18 form part of these financial statements.

Statement of financial position
At 31 December 2019

	Note	2019		2018	
		€'000	€'000	€'000	€'000
Fixed assets					
Intangible fixed assets	10		43		78
Tangible fixed assets	10		409		627
Property – right-of-use assets	11		763		-
			<u>1,215</u>		<u>705</u>
Current assets					
Stock	12	1,531		1,253	
Debtors	13	8,426		8,613	
Shareholders' loan	13	198		960	
Cash at bank and in hand		5,447		3,170	
		<u>15,602</u>		<u>13,996</u>	
Creditors: amounts falling due within one year	14	(13,355)		(11,869)	
Lease liabilities: current	11	(541)			
		<u></u>		<u></u>	
Net current assets			1,706		2,127
Lease liabilities: non-current	11		(226)		-
			<u></u>		<u></u>
Net assets			2,695		2,832
			<u></u>		<u></u>
Capital and reserves					
Called up share capital	16		269		269
Redenomination reserve	17		99		99
Exchange reserve	17		(196)		(311)
Retained Earnings	17		2,523		2,975
			<u>2,695</u>		<u>2,832</u>
Equity shareholders' funds			<u>2,695</u>		<u>2,832</u>

These financial statements were approved by the board of directors on 2 April 2020 and were signed on its behalf by:


Fabio Croce-Sebastiani
Director
Date: 7/04/2020

The notes from page 18 form part of these financial statements.

Cash flow statement
For the year ended 31 December 2019

	<i>Note</i>	2019 €'000	2018 €'000
Cash flows from operating activities			
Profit for the financial year		1,561	1,862
Adjustment for:			
Depreciation	<i>10, 11</i>	903	412
Interest receive		(2)	-
Interest paid		30	28
Taxation		272	224
(Increase)/Decrease in stocks		(278)	(115)
(Increase)/Decrease in debtors		168	(220)
Increase/(Decrease) in creditors		1,459	7
Cash from operations		4,113	2,198
Interest paid		(30)	(28)
Income tax paid		(264)	(223)
Net cash generated from operating activities		3,819	1,947
Cash flow from investing activities			
Purchase of tangible fixed assets	<i>10</i>	(92)	(212)
Interest received		2	-
Net cash from investing activities		(90)	(212)
Cash flow from financing activities			
Assets lease liabilities payments		(521)	-
Interest lease liabilities payments		13	-
Dividend paid		(1,800)	-
Payments from/(to) shareholders loan		762	(1,345)
Net cash used in financing activities		(1,572)	(1,345)
(Decrease)/Increase in cash and cash equivalents		2,157	(53)
Cash and cash equivalents at beginning of period		3,170	2,816
Foreign exchange differences		120	(36)
Cash and cash equivalents at the end of the period	<i>20</i>	5,447	3,170

The notes from page 18 form part of these financial statements.

Statement of changes in equity
For the year ended 31 December 2019

	Share Capital €'000	Redenomination Reserve €'000	Exchange Reserves €'000	Retained Earnings €'000	Total shareholder Funds €'000
At 1 January 2018	269	99	(475)	2,363	2,256
Exchange gains / losses	-	-	(36)	-	(36)
Dividends paid	-	-	-	(1,250)	(1,250)
Profit for the year	-	-	-	1,862	1,862
At 1 January 2019	269	99	(511)	2,975	2,832
Exchange gains / losses	-	-	315	(213)	102
Dividends paid	-	-	-	(1,800)	(1,800)
Profit for the year	-	-	-	1,561	1,561
At 31 December 2019	269	99	(196)	2,523	2,695

The notes from page 18 form part of these financial statements.

Notes to the financial statements for year ended 31 December 2019

1 Accounting policies

Reporting entity

The company is incorporated and domiciled in the United Kingdom. These Financial Statements comprise the Company. The Company is operating the Eurostar contracts providing on-board, catering and business premier lounges services and management of on-board equipment. The company was incorporated on 9 November 1999, as private company limited by shares in the United Kingdom.

Statement of compliance

The company financial statements have been prepared in accordance with the applicable Financial Reporting Standard 100 Application of Financial Reporting Requirements and Financial Reporting Standard 101 Framework.

Functional and presentational currency

These financial statements are presented in EURO currency (€), which is the company presentational currency. The functional currency of the company is pounds sterling in the United Kingdom and it is EURO in France, Belgium and The Netherlands. All amounts have been rounded are the nearest thousands, unless otherwise indicated.

Basis of preparation

These Financial Statement have been prepared on historical cost basis. The principal accounting policies adopted in the preparation of the financial statement are set out below. The accounting policies set out below have been applied consistently to all periods presented in these Financial Statement.

Going concern

The Company operations and activities have been significantly impacted by the Covid-19 pandemic outbreaks. This is treated as a post balance sheet event and it is considered as a non-adjusting event because, at the Balance Sheet date 31 December 2019, the virus was not known and not reported by the World Health Organisation. The Company activities have been significantly reduced in the second quarter of the financial year 2020 and the virus is likely to have an important impact in the final financial performance of 2020. The key impact and measures that have been taken into account following Covid-19 pandemic outbreaks are outlined below:

- Market and business activities

The business activities have been reduced by 90% from 16 March 2020 with the operation of only one Eurostar daily service to Paris and Brussels and complete closure of the other routes such as Amsterdam and Disney. This is expected to last until June 2020 and, consequently, the revenues and profitability of the company have been materially impacted. The Company is in process of agreeing with the Client, Eurostar, a contingency budget plan during the lock down period and this will enable to the Company to preserve financial resources and its current structure.

- Employees

The Company has decided to take advantage of the grants and measures offered by the Governments of the United Kingdom, France, Belgium and The Netherlands for the next three months. In the UK the majority of the staff will be furloughed through the job retention scheme programme. In France, in Belgium and in the Netherlands the company have applied for equivalent available schemes.

The adoption of these measures will enable the Company to retain its current people structure and be in a strong position to re-boot the business activities when the pandemic outbreak is over. The company is committed to continually monitor the development of the situation and to redeploy its staff when the business requirements will need to do so.

Notes to the financial statements for year ended 31 December 2019

1 Accounting policies (continued)

Going concern (continued)

- Welfare

The Company have issued an interim guidance for all employees and specifically for those working on the Eurostar trains in direct contact with customers to respect the self-distancing rules. The company has also taken steps to actively support sick workers and have put in place a policy that enables those employees, who are still working, to work away from the office, with an effective remote technology plan.

- Tax deferrals and advantages

Along with the job retentions schemes, the Governments of the local countries, where the Company operates, have also introduced a series of measures and fiscal stimulus which the Company have accepted to utilise. The Chancellor has set out a package of temporary, timely and targeted measures to support businesses through the period of disruption caused by COVID-19. These include the deferment of VAT payments from 20 March 2020 and 30 June 2020, national insurance and social security payment and as well as corporation tax payment until a later date in the year.

- Supply chain

The spread of the new coronavirus, COVID-19, is being felt globally across operations in ways that are difficult to model and assess. The affected regions are at the heart of many global supply chains. In the near term, the cost of supplies from China may increase, stemming from overtime and expedited freight costs, as well as from paying premiums to buy up supply and hold capacity. The Company and the Board of Directors are currently assessing the supply chain situation and they are working closely with its suppliers to make sure they have enough resources and they are ready to deliver the products for the rebooting period.

- Trade receivables

The Company have assessed the cash position following the Covid-19 outbreaks and the recoverability of the trade receivables. The majority of the outstanding trade receivables has been recovered and the Board of Directors have reasonable information and contractual arrangement in place with the Client that no credit losses are expected. All trade receivables are expected to be received within the agreed terms. However, given the current uncertainty there are considered to be certain circumstances under which trade receivables may not be recoverable.

- Uncertainty and stress test

Uncertainty around the scale, timing and impact of the coronavirus pandemic means it is difficult to give meaningful guidance for the performance in the year ahead. In summary the Company have given consideration to a range of outcomes for the current year for different scenarios. The Company have assessed the cash position following the Covid-19 outbreaks and in particular the recoverability of trade receivables. All trade receivables are expected to be received within the agreed terms. However, because of the impact of the Coronavirus pandemic on the economic climate there is uncertainty as to when the operations of the Company's major customer will recommence which in turn may affect the flow of cash derived from future trading income which is presumed in the cash flow forecasts. Should these activities not recommence when forecast, alternative financial support may be required. These conditions indicate that there is a material uncertainty which may cast significant doubt in respect of the ability of the company to continue as a going concern.

Notes to the financial statements for year ended 31 December 2019

1 Accounting policies (continued)

Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- All disclosures required by IFRS 7;
- All disclosures required under IFRS 13;
- the effect of future accounting standards not yet adopted.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Cremonini S.p.A. These financial statements do not include certain/all disclosures in respect of business combinations

Changes in accounting policies

- a) New standards, interpretations and amendments effective from 1 January 2019.

New standards have been adopted in the annual financial statement for the year ended 31 December 2019, and which have given rise to changes in the Company's accounting policies are:

- IFRS 16 Leases
- IFRIC 23 Uncertainty over Income Tax Treatments (IFRIC 23)

Details of the impact these two standards have had are given in note 21 below. Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Company as they are either not relevant to the Company's activities or require accounting which is consistent with the Company's current accounting policies.

IFRS 16

The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The company has chosen the retrospective application without restatement of prior year comparatives. This results in the cumulative impact of adoption being recorded as an adjustment to equity at the beginning of the accounting period in which the standard is first applied (the date of initial application).

The Board has decided it will apply the modified retrospective adoption method in IFRS 16 and, therefore, will only recognised leases on balance sheet as at 1 January 2019. In addition, it has been decided to measure right-to-use assets by reference to the measurement of the lease liability on that date (see note 12).

Notes to the financial statements for year ended 31 December 2019

1 Accounting policies (continued)

Changes in accounting policies (continued)

IFRIC23

IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The adoption of this new standard does not have any material impact in the Company financial statements for the year ended 31 December 2019.

b) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early. The most significant of these is as follows, which are all effective for the period beginning 1 January 2020:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)
- Revised Conceptual Framework for Financial Reporting

Momentum Services Limited is currently assessing the impact of these new accounting standards and amendments.

Judgements and key areas of estimation uncertainty

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires the company's directors to exercise judgment in applying the company's accounting policies. There have been no other material amendments to the disclosure requirements previously applied in accordance with applicable UK accounting standards. The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Computer software

Computer software is carried at cost less accumulated amortisation and any provision for impairment. Externally acquired computer software and software licences are capitalised and amortised on a straight-line basis over their useful lives of three to five years.

Notes to the financial statements

for year ended 31 December 2019

1 Accounting policies (continued)

Tangible fixed assets and depreciation

Fixed assets are stated at cost net of depreciation. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery	-	3 to 5 years
Computer software	-	3 to 5 years

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises all costs of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location.

Investments

Investments are stated at cost less provision for impairment.

Financial assets – loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

The company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Financial liabilities

Trade payables and other short-term liabilities are recognised at amortised cost.

Loan from group companies are recognised at amortised cost.

Share Capital

The company's ordinary shares are classified as equity instruments.

Dividends payable

Dividends are recognised when become legally payable. In the case of interim dividends to equity shareholders, this is when they are paid. In the case of final dividends, this is when approved by the shareholders at the AGM

Provisions

The company has recognised provisions for liabilities of uncertain timing. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Notes to the financial statements for year ended 31 December 2019

1 Accounting policies (continued)

Leases

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- (a) There is an identified asset;
- (b) The Company obtains substantially all the economic benefits from use of the asset; and
- (c) The Company has the right to direct use of the asset.

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease. All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

IFRS 16 was adopted 1 January 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 January 2019, see Note 1a - Changes in accounting policies. The following policies apply subsequent to the date of initial application, 1 January 2019.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease.

When the company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settle/(recovered).

Foreign currencies

Transactions entered into by the company in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the

Notes to the financial statements for year ended 31 December 2019

1 Accounting policies (continued)

Foreign currencies (continued)

reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Exchange gains and losses arising on the retranslation of monetary available for sale financial assets are treated as a separate component of the change in fair value and recognised in profit or loss. Notes to the financial statements.

The company financial statements are presented in Euro currency in order to be aligned with the Group consolidated currency. Average FX rate is at 1.1407 (2018: 1.1305) and FX closing rate is at 1.1765 (2018: 1.1149) to convert the sterling data into Euro. The FX rates are provided by the Bank of England.

In the United Kingdom the functional currency of the entity is GBP sterling and in France, in Belgium and in The Netherlands the functional currency of these entities is EURO. The results and financial position of foreign

operations where the currency is different to the functional currency are translated into the presentation currency using the following procedures:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- Income and expenses for each income statement are translated at exchange rates at the dates of the transactions. Where this is impracticable, an average rate for the year may be used provided that exchange rates do not fluctuate significantly.

All resulting exchange differences are recognised as a separate component of equity and shown within the foreign exchange reserve.

Turnover

Turnover, which excludes value added taxes, represents the revenues for the provision of the catering and related services on board of Eurostar trains. Turnover is recognised on delivery of the service.

Pension costs

The company contributes to a defined contribution scheme for employees in the UK, France and Belgium. Pension costs are charged to the profit and loss account in the year in which they are accrued.

2 Critical accounting estimates and judgements

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions do not carry a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

Estimates and assumption

(a) Useful lives of plant and equipment and intangibles assets

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the company's accounting policy. The selection of these estimated lives requires the exercise of

Notes to the financial statements

for year ended 31 December 2019

2 Critical accounting estimates and judgements (continued)

management judgement. Useful lives are regularly reviewed and should management's assessment of useful lives shorten then depreciation charges in the financial statement would increase and carrying amounts of plant and equipment would reduce accordingly. The carrying amount of plant and equipment by each class is included in note 11.

3 Turnover

Momentum Services Limited provides catering and related services on board Eurostar trains running between the United Kingdom, France, Belgium and The Netherlands. The directors consider that the company operates in one geographical segment, being Europe.

Turnover arises from:

	2019	2018
	€'000	€'000
Sales of goods	12,475	12,527
Provision of services	55,713	51,770
Other Income	-	31
Operating statement charges	-	1
	<u>68,188</u>	<u>64,329</u>

The other income is in respect of the research and development tax credit received by HMRC nil in 2019 (€31,471 in 2018) in relation to the development of bespoke POS and on-board payment system solution. The operating statement and ground revenue is in respect of the operating savings share fee levied as part of the on-board service and lounge contracts with Eurostar and in respect of profit share of sales at the bar buffet carriages.

Analysis of turnover by country of destination:

	2019	2018
	€'000	€'000
United Kingdom	32,018	30,069
Rest of Europe	36,170	34,260
	<u>68,188</u>	<u>64,329</u>

4 Expenses by nature

Operating profit is stated after charging:

	2019	2018
	€'000	€'000
Staff costs (see note 6)	35,512	32,781
Management charges	360	300
Operating statement charges	131	-
Foreign exchange losses	67	107
Depreciation of fixed assets	375	412
Depreciation of right to use assets	528	-
	<u>40,573</u>	<u>33,600</u>

Notes to the financial statements
for year ended 31 December 2019

4 Expenses by nature (continued)

The operating statement and ground charges of £131,000 (2018: nil) are in respect of the operating cost over-spending as part of the on-board service and lounge contracts with Eurostar and in respect of profit share under target of sales at the bar buffet carriages.

5 Auditor remuneration

	2019	2018
	€'000	€'000
Fees for the audit of the company	44	42

6 Staff number and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2019	2018
Average number of persons employed:	No.	No.
Managers	21	17
Clerical staff	67	68
Full time crew	536	505
Part time crew	140	121
Lounge	52	44
Temporary staff	61	29
	877	784

	2019	2018
	€'000	€'000
Staff costs during the year		
Wages and salaries	28,153	25,461
Social security costs	5,603	5,693
Pension costs (see note 19)	1,756	1,627
	35,512	32,781

Notes to the financial statements

for year ended 31 December 2019

7 Remuneration of directors

The aggregate remuneration of the individual directors of Momentum Services Limited for the year ended 31 December 2019 was as follows:

	2019 €'000	2018 €'000
Directors' emoluments	9	9

The chairman was employed by the company during the financial year and the emoluments disclosed above are for his services as chairman. All other directors served as directors of either the ultimate parent undertaking, other group companies or related parties. The emoluments of these directors have been borne by other group companies or related parties and were not recharged to the company. Accordingly, the aggregate emoluments figures do not include any emoluments for these directors. None of the directors had any pension contributions made to them by the company.

Fabio Croce-Sebastiani's salary was paid by Momentum Services Limited and then re-charged to Chef Express S.p.A. for services related to Chef Express S.p.A. The outstanding balance owed to the company at 31 December 2019 in respect of these charges is €26,690 (2018: €135,428). The total recharge for the year is €164,072 (2018: €156,665)

8 Finance income and finance expenses

Interest receivables and similar charges

	2019 €'000	2018 €'000
Interest on bank accounts	2	-

Interest payable and similar charges

	2019 €'000	2018 €'000
Interest on bank accounts and overdrafts	17	28
Interest charges on lease liabilities	13	-
	<u>30</u>	<u>28</u>

Notes to the financial statements
for year ended 31 December 2019

9 Taxation

a) Analysis of charge in period:

	2019 €'000	2018 €'000
<i>UK corporation tax</i>		
Current tax on income for the period	234	200
Double taxation relief	(183)	(200)
	<hr/> 51	<hr/> -
<i>Foreign tax</i>		
Current tax on income for the period	269	231
Adjustments in respect of prior years	4	(1)
	<hr/> 273	<hr/> 230
<i>Deferred tax</i>		
UK deferred tax	(36)	(13)
Impact of reduction in UK tax rate	(14)	1
Adjustments in respect of prior years	(2)	6
	<hr/> (52)	<hr/> (6)
Total current tax	<hr/> 324	<hr/> 230
Total deferred tax	<hr/> (52)	<hr/> (6)
Tax on profit on ordinary activities	<hr/> 272	<hr/> 224

b) Factors affecting the current tax charge for the current year:

The tax charge for the current year is lower at 15.41% (2018: 10.54%) than the standard rate of corporation tax in the UK of 19%, (2018: 19%) applied to the profit on ordinary activities before tax. The differences are explained below:

	2019 €'000	2018 €'000
Profit on ordinary activities before tax	1,833	2,086
UK corporation tax at 19% (2018: 19.00%) of profit	348	396
<i>Effects of:</i>		
Group relief from group companies lower than UK tax rate	(183)	(200)
Depreciation in excess of/(less than) capital allowances for the period	43	23
Deferred tax assets	(52)	(6)
Other short term timing differences – pension	5	(3)
Permanent disallowance	37	(72)
Higher rates on overseas earnings	70	87
Adjustments to tax charge in respect of previous periods	4	(1)
	<hr/> 272	<hr/> 224
Total tax expense (see above)	<hr/> 272	<hr/> 224

c) Factors that may affect future tax charges:

The corporation tax main rate remains at 19% for the financial year beginning 1 April 2020. The charge to corporation tax and the main rate will also be set at 19% for the financial year beginning 1 April 2021.

Notes to the financial statements
for year ended 31 December 2019

10 Dividends

	2019 €'000	2018 €'000
Total dividends paid	1,800	1,250

The dividend paid in 2019 was €8.00 per share (2018: €5.56 per share) totalling to €1,800,000 (2018: €1,250,000) being the final dividend in respect of the year ended 31 December 2018.

The directors are proposing a final dividend of €7.33 (2018: €8.00) per share totalling €1,650,000 (2018: €1,800,000) at the forthcoming AGM but have not been approved at the Balance Sheet date. This dividend has not been accrued in the statement of financial position.

11 Fixed assets

	Tangible Assets €'000	Intangible Assets €'000	Total €'000
Cost			
At 1 January 2019	2,360	431	2,791
Additions	88	4	92
Effect of exchange rate	117	17	134
At 31 December 2019	2,565	452	3,017
Depreciation			
At 1 January 2019	(1,733)	(353)	(2,086)
Charge for the year	(334)	(41)	(375)
Effect of exchange rate	(89)	(15)	(104)
At 31 December 2019	(2,156)	(409)	(2,565)
Net book value			
At 31 December 2019	409	43	452
At 31 December 2018	627	78	705

Notes to the financial statements (continued)
for year ended 31 December 2019

12 Lease

IFRS 16 was adopted 1 January 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 January 2019, see Note 1. The Company has leases for the office facilities in London and in Paris under the contractual agreement with Eurostar

Right-of-use-assets

	Land and Building €'000	Total €'000
At 1 January 2019	1,203	1,203
Amortisation	(527)	(527)
Modification of lease term	53	53
Effect of exchange rate	34	(34)
	<hr/>	<hr/>
At 31 December 2019	763	763
	<hr/>	<hr/>

Lease liabilities

	Land and Building €'000	Total €'000
At 1 January 2019	1,203	1,203
Effect of interest expenses	13	13
Effect of modification of lease term	53	53
Lease payments	(537)	(537)
Effect of exchange rate	35	35
	<hr/>	<hr/>
At 31 December 2019	767	767
	<hr/>	<hr/>

The lease liabilities are presented in the statement of financial position as follows:

	31 December 2019 €'000
Current	541
Non-current	226
	<hr/>
	767
	<hr/>

Notes to the financial statements (continued)
for year ended 31 December 2019

13 Stock

	2019	2018
	€'000	€'000
Raw material and consumables	529	418
Finished goods for resale	1,002	835
	<u>1,531</u>	<u>1,253</u>

14 Debtors

	2019	2018
	€'000	€'000
Trade debtors	752	614
Prepayments and accrued income	5,541	5,098
Amounts owed by group undertakings and related party (note 23)	41	383
Other debtors	2,027	2,487
Deferred tax assets	34	-
Deposit	31	31
Shareholders loan (note 21)	198	960
	<u>8,624</u>	<u>9,573</u>

Given the history of recoverability, expected credit loss is considered immaterial and as such no provision has been recognised against trade debtors.

The ultimate parent company has provided guarantees for the recoverability of the shareholders loans and amounts owed by group undertakings and related party. As such no provision has been recognised against this balance. The directors have considered the credit risk regarding intercompany receivables including reliance on the guarantee and on this basis no provision has been made against these balances in respect of any expected credit losses

Included in other debtors is an amount of €1,134,225 (2018: €1,487,946) in respect of Crédit d'impôt compétitive-emploi ("CICE") recoverable against future corporation tax amounts in France.

15 Creditors: amounts falling due within one year

	2019	2018
	€'000	€'000
Trade creditors	3,600	3,626
Corporation tax	181	129
Amounts owed to group undertakings and related parties (note 23)	194	834
Other taxation and social security	2,790	2,473
Deferred tax (note 16)	-	17
Accruals and deferred income	6,590	4,790
	<u>13,355</u>	<u>11,869</u>

Notes to the financial statements (continued)
for year ended 31 December 2019

16 Deferred taxation

	2019 €'000	2018 €'000
Accumulated depreciation in excess of capital allowances	15	(31)
Other short term timing differences	19	14
	<u>34</u>	<u>(17)</u>
		€'000
At 1 January 2019		(17)
Charge to profit and loss account for current year		36
Credit to profit and loss account – impact of exchange rate		14
Credit to profit and loss account in respect of prior years		1
		<u>34</u>
At 31 December 2019		<u>34</u>

17 Called up share capital

	2019 €'000	2018 €'000
Authorised		
225,000 Ordinary shares of €1.1967 each	269	269
Allotted, called up and fully paid		
225,000 Ordinary share of €1.1967 each	269	269

Total shares issued are 225,000 with an aggregate nominal value of €269,257.

At the balance sheet date Ordinary shares were held by Chef Express UK Limited (225,000 shares with aggregate nominal value of €269,257).

18 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share capital	Nominal value of share capital subscribed for.
Redenomination reserve	Redenomination of share capital from sterling to EURO currency
Exchange reserve	Foreign exchange gains and losses on capital reserves
Retained earnings	All other net gains and losses and transactions with owners (eg dividends) not recognised elsewhere.

Notes to the financial statements (continued)
for year ended 31 December 2019

19 Pension commitments and retirement benefits

The company pays into a number of defined contribution schemes in England, France and Belgium, the countries in which the company has employees. The contribution rates vary according to the scheme, with some employees being allowed to choose schemes and select the level of personal and company contributions.

The pension cost charge of €1,756,000 (2018: €1,627,000) represents contributions payable by the company to the fund.

The amount outstanding at the year end in respect of these contributions was €389,861 (2018: €345,606).

20 Reconciliation of net cash flow to movement in net funds

	2019 €'000	2019 €'000	2018 €'000	2018 €'000
Increase/(Decrease) in cash in the year	2,277		354	
Movement in loan less than one year	(762)		1,345	
	<hr/>		<hr/>	
Change in funds resulting from cash flows	1,515		1,699	
		<hr/>	<hr/>	
Movement in net funds		1,515		1,699
Net funds at 1 January 2019		4,161		2,462
		<hr/>		<hr/>
Net funds at 31 December 2019		5,676		4,161
		<hr/>		<hr/>

21 Analysis of net funds

	At 1 January 2019 €'000	Cash Flows €'000	Exchange differences €'000	At 31 December 2019 €'000
Cash at bank and in hand	3,170	2,157	120	5,447
Deposit	31	-	-	31
Loan to/from the shareholders	960	(762)	-	198
	<hr/>	<hr/>	<hr/>	<hr/>
	4,161	1,395	120	5,676
	<hr/>	<hr/>	<hr/>	<hr/>

Security is granted to the Company's bankers over certain cash balances held.

Notes to the financial statements (continued)
for year ended 31 December 2019

22 Effect of changes in accounting policies

The Company adopted IFRS 16 with a transition date of 1 January 2019. The Company has chosen not to restate comparatives on adoption of both standards, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application (i.e. 1 January 2019) and recognised in the opening equity balances. Details of the impact these two standards have had are given below. Other new and amended standards and Interpretations issued by the IASB did not impact the Company as they are either not relevant to the Company's activities or require accounting which is consistent with the Company's current accounting policies.

	Adjustments 2019 €'000	31 December 2018 €'000	IFRS 16 €'000	01 January 2019 €'000
Assets				
Right-of-use assets	(a)	-	1,203	1,203
Liabilities				
Lease liabilities	(b)	-	1,203	1,203

1. The adjustment to right-of-use assets is the reclassification of lease rental offices premises previously not recorded in the balance sheet as follows:

	€'000
Operating type leases	1,203
	<hr/>
Right-of-use assets	1,203
	<hr/>

2. The following table reconciles the minimum lease commitments disclosed in the Group's 31 December 2018 annual financial statements to the amount of lease liabilities recognised on 1 January 2019:

	€'000
Operating leases commitment at 31 December 2018	1,203
	<hr/>
Lease liability as at 1 January 2019	1,203
	<hr/>

23 Related party disclosures

Transactions with group companies

During the year the Company entered into the following transactions with fellow group undertakings which are wholly owned members of the group headed by Cremonini S.p.A.:

	2019 €'000	2018 €'000
Amounts owed by fellow group undertakings	239	383
	<hr/>	<hr/>
Amounts owed to fellow group undertakings	194	834
	<hr/>	<hr/>

Notes to the financial statements (continued)
for year ended 31 December 2019

23 Related party disclosures (continued)

At the balance sheet date the company has a creditor balance of €177,140 (2018: €401,052) with Lounge Service S.A.S. in relation to the sub-contract of the Business Premier Lounge in Paris.

At the balance sheet date the company has a debtor balance of nil (2018: €218,476) with Lounge Service S.A.S. in relation to the sub-contract of the Business Premier Lounge in Paris.

At the balance sheet date the company has an outstanding creditor balance of nil (2018: €10,000) with the ultimate parent company, Cremonini S.p.A. for insurance services.

At the balance sheet date the company has an outstanding debtor balance of €14,220 (2018: €16,157) with Railrest S.A. with regards to general business costs.

At the balance sheet date the company has an outstanding creditor balance of €15,868 (2018: €10,791) with Railrest S.A. with regards to general business costs.

At the balance sheet date the company has an outstanding creditor balance of nil (2018: €40,136) with The Great American Bagel Factory Limited with regards to general business costs.

At the Balance sheet date the company has an outstanding debtor balance of nil (2018: €12,603) with The Great American Bagel Factory with regards to the audit fees invoiced by BDO LLP.

Fabio Croce-Sebastiani's salary was paid by Momentum Services Limited and then re-charged to Chef Express S.p.A. for services related to Chef Express S.p.A (note 6). At the balance sheet the amount owed to Momentum Services Limited is €26,690.

The shareholders (or associated companies of the shareholders) have charged management fees with regard to the provision of financial, legal and general business services in 2019 of €360,000 (2018: €372,000 Chef Express S.p.A.). €360,000 was charged by Chef Express S.p.A. at 31 December 2019 in the respect of management fees. The fee has been paid in full during the financial year 2019 (2018: €372,000).

Transactions with parent company

	2019 €'000	2018 €'000
Amounts owed from/(to) parent company	198	960

At the balance sheet date the company is fully 100% owned by Chef Express UK Limited, a subsidiary of Chef Express S.p.A.

The company entered in to an agreement for an intercompany credit facility with group parent company. At the balance sheet date the facility has been withdrawn by Chef Express UK Limited for €198,000 (2018: €960,000 owned by Chef Express UK Limited) (notes 14).

24 Ultimate parent company and control

The immediate parent undertaking at the balance sheet date is Chef Express UK Limited, a company incorporated and registered in the United Kingdom. Chef Express UK Limited is owned 100% by Chef Express S.p.A., a company incorporated and registered in Italy.

The smallest and largest group into which the company's results are consolidated are those of the ultimate parent company, Cremonini S.p.A, whose accounts can be obtained from the Company Secretary, Via Modena 53, 41014 Castelvetro di Modena, Italy (see strategic and directors' reports page 4-10).

Notes to the financial statements (continued)
for year ended 31 December 2019

25 Post Balance Events

Covid-19 pandemic outbreaks impact is considered as a post balance sheet event. It is considered as a non-adjusting event because, at the Balance Sheet date 31 December 2019, the virus was not known and not reported by the World Health Organisation. The Company activities have been significantly reduced in the second quarter of the financial year 2020 and the virus is likely to have an important impact in the final financial performance of 2020 (see strategic report pages 4-7).