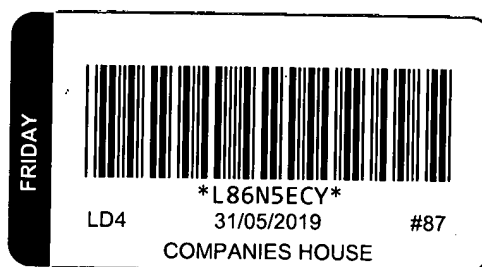


**LUX MANAGEMENT & INVESTMENTS GROUP
LIMITED
T/A CAFFE CONCERTO**

GROUP STRATEGIC REPORT, DIRECTORS' REPORT AND

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018



**LUX MANAGEMENT & INVESTMENTS GROUP
LIMITED
T/A CAFFE CONCERTO**

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FOR THE YEAR ENDED 31 AUGUST 2018**

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**LUX MANAGEMENT & INVESTMENTS GROUP
LIMITED
T/A CAFFE CONCERTO**

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 AUGUST 2018**

Directors:	M Borjak M Al Hajjar
Registered office:	29-31 Piccadilly London W1J 0LF
Registered number:	04175641 (England and Wales)
Auditors:	M. Parmar & Co. Registered Auditors First Floor 244 Edgware Road London W2 1DS
Solicitors:	Lawrence Stephens Solicitors 50 Farringdon Road London EC1M 3HE

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 AUGUST 2018**

The directors present their report with the financial statements of the group for the year ended 31 August 2018.

Review of business

The group's turnover increased by 9.3% to £27,405,500 (2017: £25,076,812) and profit before tax reduced to £1,584,138 (2017: £1,905,840 mainly due to reinvesting its profits into complete refurbishment of several stores.

The directors are once again pleased to report the group's profit before tax in excess of £1 million during a period of uncertain economic outlook, effects of Brexit and competition from other competitors.

In March 2018 an additional store was opened in the heart of Mayfair in central London and furthermore, reinvested its profit on carrying out complete refurbishment on several of its stores.

In connection with the overseas franchised operations, additional outlets were opened in both Saudi Arabia and Lebanon.

To facilitate the increased demand and future expansion plans, a production unit adjoining their existing one was acquired during the year.

Since the year end, agreement was finalized with the Debenham's Group to open seven outlets within its stores, and a new store was opened in Westfield in Central London.

As a result, there will be an increase in both the turnover and profitability of the group in the coming year.

Principal risks and uncertainties

The directors continuously assess and evaluate the main risks to the company achieving its business objectives and these are identified below. The list does not include all risks that the company faces:

External

- Risk management operates at all levels throughout the business.
- Maintaining high company profile and both protecting and enhancing the brand name of "Caffe Concerto".
- Bank interest rates rising significantly and difficulties in obtaining finance from lending institutions.
- Increased costs due to national living wage and pension regulations.
- Minimising any adverse publicity by responding immediately to customer feedback and monitoring online reviews.
- Impact of ULEZ charge on its delivery fleet.

Internal

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

**LUX MANAGEMENT & INVESTMENTS GROUP
LIMITED
T/A CAFFE CONCERTO**

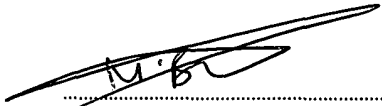
**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 AUGUST 2018**

Key performance indicators

The directors consider the following to be the Key Performance Indicators of the Group's business:

	2018	2017
Turnover	£27,405,500	£25,076,812
Gross profit	£13,310,915	£12,250,401
Profit before tax	£1,584,138	£1,905,840
Number of employees	551	554

On behalf of the board:


.....
M Borjak - Director

Date:

30/5/19

**LUX MANAGEMENT & INVESTMENTS GROUP
LIMITED
T/A CAFFE CONCERTO**

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018**

The directors present their report with the financial statements of the company and the group for the year ended 31 August 2018.

Principal activity

The principal activity of the group in the year under review was that of owning and operating a chain of cafés and patisserie outlets both wholesale and retail.

Dividends

No dividends will be distributed for the year ended 31 August 2018.

Future developments

The results for the ensuing year are expected to show an increase in both turnover and profitability.

Directors

The directors shown below have held office during the whole of the period from 1 September 2017 to the date of this report.

M Borjak
M Al Hajjar

Directors' responsibilities statement

The directors are responsible for preparing the Group 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 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 the group and of the profit or loss of the group 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group 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 group'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 group's auditors are aware of that information.

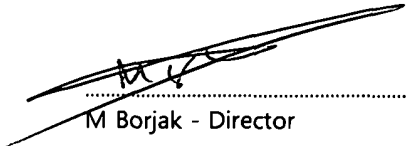
**LUX MANAGEMENT & INVESTMENTS GROUP
LIMITED
T/A CAFFE CONCERTO**

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018**

Auditors

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

On behalf of the board:


.....
M Borjak - Director

Date:

30/5/19

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
LUX MANAGEMENT & INVESTMENTS GROUP
LIMITED**

Opinion

We have audited the financial statements of Lux Management & Investments Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 August 2018 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated 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 the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 August 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Directors' Report, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
LUX MANAGEMENT & INVESTMENTS GROUP
LIMITED**

Opinion 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 Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page four, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

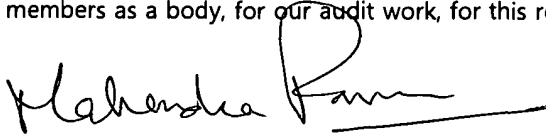
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
LUX MANAGEMENT & INVESTMENTS GROUP
LIMITED**

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

Date: 30/5/19

**LUX MANAGEMENT & INVESTMENTS GROUP
LIMITED
T/A CAFFE CONCERTO**

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Notes	2018 £	2017 £
Turnover	3	27,405,500	25,076,812
Cost of sales		(14,094,585)	(12,826,411)
Gross profit		13,310,915	12,250,401
Administrative expenses		(11,925,131)	(10,397,722)
		1,385,784	1,852,679
Other operating income		224,613	69,891
Operating profit	5	1,610,397	1,922,570
Interest receivable and similar income		94	1,094
		1,610,491	1,923,664
Interest payable and similar expenses	7	(26,353)	(17,734)
Profit before taxation		1,584,138	1,905,930
Tax on profit	8	(260,246)	(430,157)
Profit for the financial year		1,323,892	1,475,773
Profit attributable to:			
Owners of the parent		1,314,455	1,470,381
Non-controlling interests		9,437	5,392
		1,323,892	1,475,773

The notes form part of these financial statements

**LUX MANAGEMENT & INVESTMENTS GROUP
LIMITED
T/A CAFFE CONCERTO**

**CONSOLIDATED OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2018**

	Notes	2018 £	2017 £
Profit for the year		1,323,892	1,475,773
Other comprehensive income		-	-
Total comprehensive income for the year		<u>1,323,892</u>	<u>1,475,773</u>
Total comprehensive income attributable to:			
Owners of the parent		1,314,455	1,470,381
Non-controlling interests		9,437	5,392
		<u>1,323,892</u>	<u>1,475,773</u>

The notes form part of these financial statements

**LUX MANAGEMENT & INVESTMENTS GROUP
LIMITED (REGISTERED NUMBER: 04175641)
T/A CAFFE CONCERTO**

**CONSOLIDATED BALANCE SHEET
31 AUGUST 2018**

	Notes	£	2018 £	£	2017 £
Fixed assets					
Intangible assets	10		-		-
Tangible assets	11		12,316,828		11,015,611
Investments	12		-		-
			<u>12,316,828</u>		<u>11,015,611</u>
Current assets					
Stocks	13	1,772,236		1,496,221	
Debtors	14	2,508,931		1,995,368	
Cash at bank and in hand		1,812,852		1,944,307	
		<u>6,094,019</u>		<u>5,435,896</u>	
Creditors					
Amounts falling due within one year	15	3,168,221		3,048,157	
		<u></u>		<u></u>	
Net current assets			<u>2,925,798</u>		<u>2,387,739</u>
Total assets less current liabilities			<u>15,242,626</u>		<u>13,403,350</u>
Creditors					
Amounts falling due after more than one year	16		(925,197)		(352,125)
Provisions for liabilities	21		<u>(1,332,653)</u>		<u>(1,384,949)</u>
Net assets			<u><u>12,984,776</u></u>		<u><u>11,666,276</u></u>

The notes form part of these financial statements

**LUX MANAGEMENT & INVESTMENTS GROUP
LIMITED (REGISTERED NUMBER: 04175641)
T/A CAFFE CONCERTO**

**CONSOLIDATED BALANCE SHEET - continued
31 AUGUST 2018**

	Notes	£	2018 £	£	2017 £
Capital and reserves					
Called up share capital	22		10		10
Share premium	23		199,996		199,996
Revaluation reserve	23		4,843,720		4,843,720
Retained earnings	23		7,931,613		6,617,158
Shareholders' funds			12,975,339		11,660,884
Non-controlling interests			9,437		5,392
Total equity			12,984,776		11,666,276

The financial statements were approved by the Board of Directors on 30/5/19 and were signed on its behalf by:



M Borjak - Director

The notes form part of these financial statements

**LUX MANAGEMENT & INVESTMENTS GROUP
LIMITED (REGISTERED NUMBER: 04175641)
T/A CAFFE CONCERTO**

**COMPANY BALANCE SHEET
31 AUGUST 2018**

	Notes	£	2018 £	£	2017 £
Fixed assets					
Intangible assets	10		-		-
Tangible assets	11		8,035,312		7,257,959
Investments	12		339,090		339,090
			<u>8,374,402</u>		<u>7,597,049</u>
Current assets					
Debtors	14	6,545,422		7,304,951	
Cash at bank and in hand		<u>1,355,539</u>		<u>515,844</u>	
		7,900,961		7,820,795	
Creditors					
Amounts falling due within one year	15	<u>1,387,666</u>		<u>2,404,902</u>	
Net current assets			<u>6,513,295</u>		<u>5,415,893</u>
Total assets less current liabilities			<u>14,887,697</u>		<u>13,012,942</u>
Creditors					
Amounts falling due after more than one year	16		(925,197)		(352,125)
Provisions for liabilities	21		<u>(1,060,087)</u>		<u>(1,079,306)</u>
Net assets			<u><u>12,902,413</u></u>		<u><u>11,581,511</u></u>
Capital and reserves					
Called up share capital	22		10		10
Share premium	23		199,996		199,996
Revaluation reserve	23		4,043,720		4,043,720
Retained earnings	23		<u>8,658,687</u>		<u>7,337,785</u>
Shareholders' funds			<u><u>12,902,413</u></u>		<u><u>11,581,511</u></u>
Company's profit for the financial year			<u><u>1,320,902</u></u>		<u><u>1,434,404</u></u>

The financial statements were approved by the Board of Directors on 30 May 2019 and were signed on its behalf by:

M Borjak - Director

The notes form part of these financial statements

**LUX MANAGEMENT & INVESTMENTS GROUP
LIMITED
T/A CAFFE CONCERTO**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2018**

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 September 2016	10	5,146,777	199,996
Changes in equity			
Total comprehensive income	-	1,470,381	-
Balance at 31 August 2017	10	6,617,158	199,996
Changes in equity			
Total comprehensive income	-	1,314,455	-
Balance at 31 August 2018	10	7,931,613	199,996

	Revaluation reserve £	Total £	Non-controlling interests £	Total equity £
Balance at 1 September 2016	4,843,720	10,190,503	-	10,190,503
Changes in equity				
Total comprehensive income	-	1,470,381	5,392	1,475,773
Balance at 31 August 2017	4,843,720	11,660,884	5,392	11,666,276
Changes in equity				
Total comprehensive income	-	1,314,455	9,437	1,323,892
Balance at 31 August 2018	4,843,720	12,975,339	14,829	12,990,168

The notes form part of these financial statements

**LUX MANAGEMENT & INVESTMENTS GROUP
LIMITED
T/A CAFFE CONCERTO**

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2018**

	Called up share capital £	Retained earnings £	Share premium £	Revaluation reserve £	Total equity £
Balance at 1 September 2016	10	5,903,381	199,996	4,043,720	10,147,107
Changes in equity					
Total comprehensive income	-	1,434,404	-	-	1,434,404
Balance at 31 August 2017	10	7,337,785	199,996	4,043,720	11,581,511
Changes in equity					
Total comprehensive income	-	1,320,902	-	-	1,320,902
Balance at 31 August 2018	10	8,658,687	199,996	4,043,720	12,902,413

The notes form part of these financial statements

**LUX MANAGEMENT & INVESTMENTS GROUP
LIMITED
T/A CAFFE CONCERTO**

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	2,800,439	879,366
Interest paid		(20,898)	(9,237)
Interest element of hire purchase payments paid		(5,455)	(8,497)
Tax paid		(319,819)	(364,891)
Net cash from operating activities		<u>2,454,267</u>	<u>496,741</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(2,986,915)	(2,035,869)
Sale of tangible fixed assets		(32,233)	234,363
Interest received		94	1,094
Net cash from investing activities		<u>(3,019,054)</u>	<u>(1,800,412)</u>
Cash flows from financing activities			
Capital repayments in year		(45,355)	(73,135)
Amount introduced by directors		450,096	107,464
Amount withdrawn by directors		-	47,461
Net cash from financing activities		<u>404,741</u>	<u>81,790</u>
Decrease in cash and cash equivalents		<u>(160,046)</u>	<u>(1,221,881)</u>
Cash and cash equivalents at beginning of year	2	1,894,152	3,116,033
Cash and cash equivalents at end of year	2	<u><u>1,734,106</u></u>	<u><u>1,894,152</u></u>

The notes form part of these financial statements

**LUX MANAGEMENT & INVESTMENTS GROUP
LIMITED
T/A CAFFE CONCERTO**

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018**

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

	2018	2017
	£	£
Profit before taxation	1,584,138	1,905,930
Depreciation charges	1,717,931	1,535,021
Profit on disposal of fixed assets	-	(219,831)
Finance costs	26,353	17,734
Finance income	(94)	(1,094)
	<u>3,328,328</u>	<u>3,237,760</u>
Increase in stocks	(276,015)	(873,902)
Decrease/(increase) in trade and other debtors	186,341	(1,068,133)
Decrease in trade and other creditors	(438,215)	(416,359)
	<u>2,800,439</u>	<u>879,366</u>
Cash generated from operations	<u><u>2,800,439</u></u>	<u><u>879,366</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 2018

	31/8/18	1/9/17
	£	£
Cash and cash equivalents	1,812,852	1,944,307
Bank overdrafts	(78,746)	(50,155)
	<u>1,734,106</u>	<u>1,894,152</u>

Year ended 31 August 2017

	31/8/17	1/9/16
	£	£
Cash and cash equivalents	1,944,307	3,144,388
Bank overdrafts	(50,155)	(28,355)
	<u>1,894,152</u>	<u>3,116,033</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. **Statutory information**

Lux Management & Investments Group 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 General 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.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary made up to 31 August 2016. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

Turnover

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

Intangible assets

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

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.

Freehold property	- 2% on cost
Short leasehold	- Over the term of the lease
Fixtures and fittings	- 20% on reducing balance
Motor vehicles	- 25% on reducing balance
Equipment	- 20% on reducing balance

Stocks

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

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2018

2. **Accounting policies - continued**

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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

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.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Judgments in applying accounting policies and estimation uncertainty

In the application of the company's accounting policies, management have been required to make judgments, 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.

There are no key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements.

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist.

Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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2. Accounting policies - continued

Functional and presentational currency

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

3. Turnover

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

The total turnover of the group for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

4. Employees and directors

	2018	2017
	£	£
Wages and salaries	8,735,816	7,943,502
Social security costs	636,491	581,094
Other pension costs	69,590	14,085
	<u>9,441,897</u>	<u>8,538,681</u>

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

	2018	2017
Administration	26	27
Accounts	4	5
IT	1	1
Floor staff	520	521
	<u>551</u>	<u>554</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 551 (2017 - 554).

	2018	2017
	£	£
Directors' remuneration	<u>102,348</u>	<u>98,744</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.

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5. Operating profit

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

	2018	2017
	£	£
Hire of plant and machinery	75,503	77,775
Depreciation - owned assets	1,684,092	1,491,384
Depreciation - assets on hire purchase contracts	33,838	43,635
Profit on disposal of fixed assets	-	(219,831)
	<u> </u>	<u> </u>

6. Auditors' remuneration

	2018	2017
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	9,000	7,500
	<u> </u>	<u> </u>
Total audit fees	9,000	7,500
	<u> </u>	<u> </u>

7. Interest payable and similar expenses

	2018	2017
	£	£
Bank interest	3	43
Bank interest on loans < 5yrs	16,629	8,434
Interest on overdue tax	4,266	760
Hire purchase	5,455	8,497
	<u> </u>	<u> </u>
	26,353	17,734
	<u> </u>	<u> </u>

8. Taxation

Analysis of the tax charge

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

	2018	2017
	£	£
Current tax:		
UK corporation tax	459,900	492,777
Prior year adjustment	(149,626)	-
	<u> </u>	<u> </u>
Total current tax	310,274	492,777
	<u> </u>	<u> </u>
Deferred tax	(50,028)	(62,620)
	<u> </u>	<u> </u>
Tax on profit	260,246	430,157
	<u> </u>	<u> </u>

UK corporation tax was charged at 19.58% in 2017.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2018**

8. Taxation - continued

Reconciliation of total tax charge included in profit and loss

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

	2018 £	2017 £
Profit before tax	<u>1,584,138</u>	<u>1,905,930</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.580%)	300,986	373,181
Effects of:		
Depreciation in excess of capital allowances	158,914	119,596
Adjustments to tax charge in respect of previous periods	(149,626)	-
Other tax adjustments	<u>(50,028)</u>	<u>(62,620)</u>
Total tax charge	<u>260,246</u>	<u>430,157</u>

9. Individual income statement

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

10. Intangible fixed assets

Group	Goodwill £
Cost	
At 1 September 2017 and 31 August 2018	<u>509,070</u>
Amortisation	
At 1 September 2017 and 31 August 2018	<u>509,070</u>
Net book value	
At 31 August 2018	<u>-</u>
At 31 August 2017	<u>-</u>

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10. Intangible fixed assets - continued

Company

	Goodwill £
Cost	
At 1 September 2017 and 31 August 2018	509,070
Amortisation	
At 1 September 2017 and 31 August 2018	509,070
Net book value	
At 31 August 2018	-
At 31 August 2017	-

11. Tangible fixed assets

Group

	Freehold property £	Short leasehold £	Fixtures and fittings £
Cost			
At 1 September 2017	959,754	7,792,332	6,318,621
Additions	1,168,693	350,858	1,315,930
Disposals	-	(12,107)	(203,438)
At 31 August 2018	2,128,447	8,131,083	7,431,113
Depreciation			
At 1 September 2017	118,369	1,185,000	3,663,718
Charge for year	42,569	654,848	804,499
Eliminated on disposal	-	(4,836)	(243,056)
At 31 August 2018	160,938	1,835,012	4,225,161
Net book value			
At 31 August 2018	1,967,509	6,296,071	3,205,952
At 31 August 2017	841,385	6,607,332	2,654,903

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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11. Tangible fixed assets - continued

Group

	Motor vehicles £	Equipment £	Totals £
Cost			
At 1 September 2017	178,693	2,584,706	17,834,106
Additions	-	151,434	2,986,915
Disposals	-	(88,336)	(303,881)
At 31 August 2018	178,693	2,647,804	20,517,140
Depreciation			
At 1 September 2017	111,662	1,739,747	6,818,496
Charge for year	16,758	199,256	1,717,930
Eliminated on disposal	-	(88,222)	(336,114)
At 31 August 2018	128,420	1,850,781	8,200,312
Net book value			
At 31 August 2018	50,273	797,023	12,316,828
At 31 August 2017	67,031	844,959	11,015,610

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

	Fixtures and fittings £	Motor vehicles £	Equipment £	Totals £
Cost				
At 1 September 2017 and 31 August 2018	42,610	154,142	155,864	352,616
Depreciation				
At 1 September 2017	28,648	89,962	80,860	199,470
Charge for year	2,792	16,045	15,001	33,838
At 31 August 2018	31,440	106,007	95,861	233,308
Net book value				
At 31 August 2018	11,170	48,135	60,003	119,308
At 31 August 2017	13,962	64,180	75,004	153,146

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2018

11. Tangible fixed assets - continued

Company

	Freehold property £	Short leasehold £	Fixtures and fittings £
Cost or valuation			
At 1 September 2017	959,754	6,780,224	1,830,361
Additions	1,168,693	350,858	30,533
At 31 August 2018	2,128,447	7,131,082	1,860,894
Depreciation			
At 1 September 2017	118,369	1,046,830	1,424,300
Charge for year	42,569	588,182	87,319
At 31 August 2018	160,938	1,635,012	1,511,619
Net book value			
At 31 August 2018	1,967,509	5,496,070	349,275
At 31 August 2017	841,385	5,733,394	406,061
	Motor vehicles £	Equipment £	Totals £
Cost or valuation			
At 1 September 2017	126,624	1,077,162	10,774,125
Additions	-	3,899	1,553,983
At 31 August 2018	126,624	1,081,061	12,328,108
Depreciation			
At 1 September 2017	79,503	847,164	3,516,166
Charge for year	11,781	46,779	776,630
At 31 August 2018	91,284	893,943	4,292,796
Net book value			
At 31 August 2018	35,340	187,118	8,035,312
At 31 August 2017	47,121	229,998	7,257,959

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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11. Tangible fixed assets - continued

Company

Cost or valuation at 31 August 2018 is represented by:

	Freehold property £	Short leasehold £	Fixtures and fittings £
Valuation in 2015	959,754	6,227,987	-
Cost	1,168,693	903,095	1,860,894
	<u>2,128,447</u>	<u>7,131,082</u>	<u>1,860,894</u>
	Motor vehicles £	Equipment £	Totals £
Valuation in 2015	-	-	7,187,741
Cost	126,624	1,081,061	5,140,367
	<u>126,624</u>	<u>1,081,061</u>	<u>12,328,108</u>

If leasehold properties had not been revalued they would have been included at the following historical cost:

	2018 £	2017 £
Cost	<u>1,511,488</u>	<u>1,511,488</u>
Aggregate depreciation	<u>381,376</u>	<u>381,376</u>

Leasehold land and buildings were valued on an open market basis on 31 August 2015 by TK Retail Chartered Surveyors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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11. Tangible fixed assets - continued

Company

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

	Motor vehicles £
Cost or valuation	
At 1 September 2017 and 31 August 2018	102,073
Depreciation	
At 1 September 2017	57,803
Charge for year	11,068
At 31 August 2018	68,871
Net book value	
At 31 August 2018	33,202
At 31 August 2017	44,270

12. Fixed asset investments

Company

	Shares in group undertakings £
Cost	
At 1 September 2017 and 31 August 2018	339,090
Net book value	
At 31 August 2018	339,090
At 31 August 2017	339,090

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12. Fixed asset investments - continued

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Caffe Concerto Limited

Registered office: 29-31 Piccadilly, London W1J 0LF
Nature of business: Caffe and Patisserie

Class of shares:	%		
Ordinary	holding		
	100.00		
		2018	2017
		£	£
Aggregate capital and reserves		102,149	99,267
Profit for the year		182,882	171,880
		<u> </u>	<u> </u>

Concerto Distribution Centre Limited

Registered office: 29-31 Piccadilly, London W1J 0LF
Nature of business: Wholesale

Class of shares:	%		
Ordinary	holding		
	100.00		
		2018	2017
		£	£
Aggregate capital and reserves		36,719	36,290
Profit for the year		38,429	35,448
		<u> </u>	<u> </u>

Caffe Concerto PAYE Limited

Registered office: 29-31 Piccadilly, London W1J 0LF
Nature of business: Human resources

Class of shares:	%		
Ordinary	holding		
	100.00		
		2018	2017
		£	£
Aggregate capital and reserves		4,580	2,435
Profit for the year		2,145	1,867
		<u> </u>	<u> </u>

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12. Fixed asset investments - continued

Flowmade Enterprises Limited

Registered office: 29-31 Piccadilly, London W1J 0LF

Nature of business: Property rental

Class of shares:

Ordinary

%
holding
52.00

	2018	2017
	£	£
Aggregate capital and reserves	834,514	824,937
Profit for the year	9,577	21,316

13. Stocks

	Group	
	2018	2017
	£	£
Finished goods	1,772,236	1,496,221

14. Debtors

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	1,158,614	650,009	-	-
Amounts owed by group undertakings	20,000	-	5,367,584	6,147,098
Amount owed by connected company	64,641	33,961	64,641	33,961
Prepayments	618,256	663,978	465,777	476,472
	<u>1,861,511</u>	<u>1,347,948</u>	<u>5,898,002</u>	<u>6,657,531</u>
Amounts falling due after more than one year:				
Rental deposits	<u>647,420</u>	<u>647,420</u>	<u>647,420</u>	<u>647,420</u>
Aggregate amounts	<u>2,508,931</u>	<u>1,995,368</u>	<u>6,545,422</u>	<u>7,304,951</u>

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15. Creditors: amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans and overdrafts (see note 17)	152,440	65,871	152,440	65,871
Hire purchase contracts (see note 18)	3,389	45,355	3,389	8,133
Trade creditors	986,927	1,704,233	-	228,377
Amounts owed to group undertakings	20,000	-	-	1,238,254
Tax	495,664	505,209	420,982	418,398
Social security and other taxes	145,718	74,818	-	-
Pension	20,133	11,630	-	-
VAT	290,862	176,901	110,330	77,841
Other creditors	28,167	-	28,167	-
Rent contribution	53,125	64,625	53,125	64,625
Directors' current accounts	145,393	-	-	-
Directors' loan accounts	610,740	306,037	596,551	291,553
Accrued expenses	215,663	93,478	22,682	11,850
	<u>3,168,221</u>	<u>3,048,157</u>	<u>1,387,666</u>	<u>2,404,902</u>

16. Creditors: amounts falling due after more than one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans (see note 17)	810,015	180,429	810,015	180,429
Hire purchase contracts (see note 18)	-	3,389	-	3,389
Rent contribution	68,750	121,875	68,750	121,875
Directors' loan accounts	46,432	46,432	46,432	46,432
	<u>925,197</u>	<u>352,125</u>	<u>925,197</u>	<u>352,125</u>

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17. Loans

An analysis of the maturity of loans is given below:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	78,746	50,155	78,746	50,155
Bank loans	73,694	15,716	73,694	15,716
	<u>152,440</u>	<u>65,871</u>	<u>152,440</u>	<u>65,871</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>73,694</u>	<u>15,716</u>	<u>73,694</u>	<u>15,716</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>736,321</u>	<u>164,713</u>	<u>736,321</u>	<u>164,713</u>

18. Leasing agreements

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	2018	2017
	£	£
Gross obligations repayable:		
Within one year	3,750	50,465
Between one and five years	-	3,750
	<u>3,750</u>	<u>54,215</u>
Finance charges repayable:		
Within one year	361	5,110
Between one and five years	-	361
	<u>361</u>	<u>5,471</u>
Net obligations repayable:		
Within one year	3,389	45,355
Between one and five years	-	3,389
	<u>3,389</u>	<u>48,744</u>

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18. Leasing agreements - continued

Company

	Hire purchase contracts	
	2018	2017
	£	£
Gross obligations repayable:		
Within one year	3,750	8,999
Between one and five years	-	3,750
	<u>3,750</u>	<u>12,749</u>
Finance charges repayable:		
Within one year	361	866
Between one and five years	-	361
	<u>361</u>	<u>1,227</u>
Net obligations repayable:		
Within one year	3,389	8,133
Between one and five years	-	3,389
	<u>3,389</u>	<u>11,522</u>

19. Secured debts

The following secured debts are included within creditors:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank overdrafts	78,746	50,155	78,746	50,155
Bank loans	883,709	196,145	883,709	196,145
	<u>962,455</u>	<u>246,300</u>	<u>962,455</u>	<u>246,300</u>

The bank loans and overdrafts are secured over the assets of the company and guarantees provided by Flowmade Enterprises Limited, a subsidiary company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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20. Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year) including loans and other debtors and creditors, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

21. Provisions for liabilities

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Deferred tax				
Accelerated capital allowances	169,723	204,297	49,157	68,376
Other timing differences	1,162,930	1,180,652	1,010,930	1,010,930
	<u>1,332,653</u>	<u>1,384,949</u>	<u>1,060,087</u>	<u>1,079,306</u>

Group

	Deferred tax
	£
Balance at 1 September 2017	1,384,949
Utilised during year	(52,296)
Balance at 31 August 2018	<u>1,332,653</u>

Company

	Deferred tax
	£
Balance at 1 September 2017	1,079,306
Released during the year	(19,219)
Balance at 31 August 2018	<u>1,060,087</u>

22. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018	2017
			£	£
10	Ordinary	£1	<u>10</u>	<u>10</u>

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23. Reserves

Group

	Retained earnings £	Share premium £	Revaluation reserve £	Totals £
At 1 September 2017	6,617,158	199,996	4,843,720	11,660,874
Profit for the year	1,314,455			1,314,455
At 31 August 2018	<u>7,931,613</u>	<u>199,996</u>	<u>4,843,720</u>	<u>12,975,329</u>

Company

	Retained earnings £	Share premium £	Revaluation reserve £	Totals £
At 1 September 2017	7,337,785	199,996	4,043,720	11,581,501
Profit for the year	1,320,902			1,320,902
At 31 August 2018	<u>8,658,687</u>	<u>199,996</u>	<u>4,043,720</u>	<u>12,902,403</u>

24. Directors' advances, credits and guarantees

The following advances and credits from directors subsisted during the years ended 31 August 2018 and 31 August 2017:

	2018 £	2017 £
M Borjak		
Balance outstanding at start of year	343,263	188,337
Amounts advanced	636,900	180,000
Amounts repaid	(186,804)	(25,074)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>793,359</u>	<u>343,263</u>
M Al Hajjar		
Balance outstanding at start of year	9,206	9,206
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>9,206</u>	<u>9,206</u>

25. Related party disclosures

During the year, a total of key management personnel compensation of £102,348 was paid (2017- £98,744)

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26. **Ultimate controlling party**

The controlling party is M Borjak.