

**Group Strategic Report, Report of the Directors and  
Consolidated Financial Statements for the Year Ended 31 December 2019  
for  
Scoffs Group Ltd**

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for the Year Ended 31 December 2019**

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**Scoffs Group Ltd**

**Company Information  
for the Year Ended 31 December 2019**

**DIRECTORS:**

A Tagliamonti  
C Jawed

**REGISTERED OFFICE:**

Finance Office  
Costa Coffee  
311-313 Collier Row Lane  
Collier Row  
Essex  
RM5 3ND

**REGISTERED NUMBER:**

05727713 (England and Wales)

**AUDITORS:**

Cartwrights  
Chartered Accountants and Business Advisors  
Statutory Auditor  
Regency House  
33 Wood Street  
Barnet  
Hertfordshire  
EN5 4BE

**SOLICITOR:**

Nockolds  
6 Market Square  
Bishop's Stortford  
Hertfordshire  
CM23 3UZ

**Group Strategic Report  
for the Year Ended 31 December 2019**

The directors present their strategic report of the company and the group for the year ended 31 December 2019.

**REVIEW OF BUSINESS**

The group is the UK's largest Costa Coffee franchisee, with 90 stores under its operation, up from 88 in the previous year, and after having closed 2 stores in the year.

As anticipated, with a full year of trading in 2019 from the acquired Premiere Coffee Group in October 2018, group turnover rose significantly from £15,992,034 in 2018 to £35,220,726 in the year under review. The gross profit margin fell slightly from 36.5% in 2018 to 34.6% in 2019. Operating profit increased from £689,316 to £2,047,868 in 2019.

The directors regard the KPI's to be as follows:

Net profit margin

This is an important indicator as it indicates how much net profit is changing in relation to turnover. The net profit margin rose from 3.51% to 3.83%.

EBITDA

This is an important indicator as it indicates the underlying trading performance. EBITDA increased from £2,079,292 in 2018 to £4,357,671 in 2019, although 2018 was not for a full 12 months for all of the trading subsidiaries due to the enlargement of the group in October 2018.

There are no other KPI's which the directors feel are relevant.

**PRINCIPAL RISKS AND UNCERTAINTIES**

In the course of normal business, the group continually assesses significant risks faced and takes action to mitigate the potential impacts. The principal risks (which is not intended to be a comprehensive analysis) facing the are as group follows:

Financial and liquidity

The general health of the UK economy and individuals disposable income is important to the group's success. The group manages any potential downturn in the economy by a policy of store openings in areas where the group expects to see a positive contribution to turnover and profit.

Operating capital - The availability of operating capital is crucial to ensuring that the group has sufficient funds to meet their liabilities as they fall due to suppliers and employees. The group manages this by reviewing the cash flow daily to ensure sufficient funds are available.

Operational risks

Customer service - The group relies on its staff to provide quality customer service. Staff are provided with rigorous training, covering customer service to ensure that high standards are maintained.

Health and safety - All staff are provided with comprehensive training to ensure they are all aware of the risks and how they can help to mitigate them. The group also undertakes regular store audits to ensure policies and procedures are being adhered to.

**Group Strategic Report  
for the Year Ended 31 December 2019**

**SECTION 172(1) STATEMENT**

This section serves as our section 172 statement. Section 172(1)(a) to (f) of the Companies Act 2006 requires directors to exercise their duty to promote the success of Scoffs Group for the benefit of its members as a whole, including taking into consideration the interests of key stakeholders in their decision making.

The directors continue to have regard to the interests of the group's employees and other stakeholders, including the impact of its activities on the community, the environment and the group's reputation, when making decisions. Acting in good faith and fairly between members, the directors consider what is most likely to promote the success of the group for its members in the long term. Whilst the importance of giving due consideration to our stakeholders is not new, we explain in more detail this year how the directors engage with our stakeholders, thus seeking to comply with the requirement to include a statement setting out how the directors have discharged this duty.

**Our stakeholders**

The directors consider the group's key stakeholders to be:

- Workforce - the strength of our business is built on the hard work and dedication of all our employees, and they rely on us to provide stable employment and opportunities to realise their potential in a working environment where they can perform at their best;
- Customers - our customers are the reason we exist. With multiple choices of coffee shops, it is essential to our future that we continually strive to provide the highest quality product and in an enjoyable and safe environment, and at a competitive price. In doing so, we will build our brand value and loyalty;
- Communities and the environment - with our presence on the high street, retail parks and drive-thrus, the local community expect us to act responsibly and to be a "good neighbour" and to minimise any negative impact we might have in their local environment; and
- Suppliers - we rely on our suppliers to make and distribute our products, provide the premises which we sell our products and provide essential services we need to operate our business. Our suppliers rely on us to generate revenue and employment for them

The directors have sought to understand the respective interests of these parties so that these may be properly considered in their decision-making. This is achieved through various methods including: direct engagement by directors; receiving reports and updates from management who engage with such parties; and coverage in our meetings of relevant stakeholder interests with regard to proposed courses of action.

**Having regard to the likely consequences of any decision in the long term**

Within the fast-moving food and beverage retail sector, the operational cycle is very short. Despite this, the directors remain mindful that its strategic decisions can have long term implications for the business and its stakeholders, and these implications are carefully assessed.

**Having regard to the interests of the group's employees**

The importance of good relations and communications with employees is fundamental to the continued success of the business. The group maintains good employee relations and consults employees as appropriate to its own particular needs.

The directors take active steps to ensure that the suggestions, views and interests of the workforce are captured and considered in our decision-making.

Scoffs Group benefits from directors who all perform a high degree of personal oversight and engagement in the group's affairs. This knowledge of the business and active style of engagement means they maintain an exceptionally acute insight into the mood, culture and views of the workforce.

**Employee engagement**

Scoffs Group has a number of effective workforce engagement mechanisms in place across the group to encourage engagement with our employees:

- Employees are kept informed of performance and strategy through regular presentations and updates from the directors;
- The directors attend key business meetings throughout the year, including weekly trading meetings and monthly management accounts meetings;

**Group Strategic Report  
for the Year Ended 31 December 2019**

- Employee engagement surveys are undertaken covering the vast majority of the workforce, and the results are reported to the directors; and
- The directors attend meetings with employees

The directors consider that, taken together, these arrangements deliver an effective means of ensuring they stay alert to the views of the workforce.

Diversity

The group's policy is not to discriminate under any circumstances (including in relation to training, career development and promotion) against current or prospective employees due to race, religion, sexual orientation, disability or for any other reason. Fair and full consideration is given to applications for employment made by all persons, having regard to their aptitudes and abilities. Employees who become disabled during their career at the group will be retained in employment wherever possible and given help with rehabilitation and training.

Putting diversity and inclusion on the agenda helps the business to attract, retain and develop the best talent from every walk of life.

During the year we worked towards enhancing the support offered to working parents.

**Having regard to the need to foster the group's business relationships with Franchisor, suppliers, customers and others**

The importance of maintaining good relations with suppliers, customers and the group's debt facility providers is critical to the ongoing success of the group.

Franchisor

Throughout the year the directors were actively involved in major contract renegotiations and strategy with regard to the Franchisor. The directors seek to balance the benefits of maintaining its strong partner relationship with the Franchisor alongside the need to obtain value for money for our investors and the desired quality and service levels for our customers.

Suppliers

Throughout the year the directors were actively involved in all major contract renegotiations and strategy with regard to key suppliers, notably with certain landlords of the group's multiple store premises. The directors seek to balance the benefits of maintaining strong partnering relationships with key suppliers alongside the need to obtain value for money for our investors and the desired quality and service levels for our customers.

Customers

As a retail business, the sentiment of customers can be seen in the group's underlying sales performance figures, which the directors review regularly. Management provide updates to the directors on their perceptions of consumer sentiment and the market view. Working closely with the Franchisor, the interests of customers are considered in key decisions e.g. relating to: individual store refreshment programmes; selection of product lines; selection and monitoring of suppliers to ensure quality and safety standards are met.

With the interests of customers in mind, during the year the directors reviewed proposals in respect of: store closures and new openings and capital expenditure on stores.

Debt capital/credit facility providers

The directors and key financial management personnel are responsible for managing the relationships with our bank and for the group's cash/debt management and financing activities. Management provide regular reports to the directors on these activities including the group's plans to ensure appropriate access to debt capital, monitoring the headroom and maturity schedules of our primary credit facilities.

The directors carefully consider the group's cash position and forecasts when making decisions on capital expenditure.

**Having regard to the impact of the Company's operations on the community and the environment**

The directors support the group's goals and initiatives with regard to reducing adverse impacts on the environment and supporting the communities that it touches. Working closely with the Franchisor, the directors intend to give further consideration in 2020 to the group's approach to climate change and further measures we can take to contribute to the reduction of our impact on the environment.

**Group Strategic Report  
for the Year Ended 31 December 2019**

**Having regard to the desirability of the Company maintaining a reputation for high standards of business conduct**  
The group strives to maintain a strong reputation for high standards of business conduct.

Corporate governance

The directors recognise the importance of operating a robust corporate governance framework.

Ethical trading and responsible sourcing

The directors exercise strong oversight over the group's activities in these areas, including reviewing reports from management to them on such topics as appropriate.

Political donations

No donations were made for political purposes (2018: £nil).

**Having regard to the need to act fairly as between members of the Group**

Whilst the group has two classes of share in issue, with different rights attached, on a practical level all shareholders benefit from the same rights.

The directors recognise their legal and regulatory duties and do not take any decisions or actions that would provide any shareholder or group of shareholders with any unfair advantage or position compared to the shareholders as a whole.

**Shareholder engagement**

The directors are the only direct shareholders in the group and are therefore party to all of the critical decisions made.

**ON BEHALF OF THE BOARD:**

A Tagliamonti - Director

30 December 2020

**Report of the Directors  
for the Year Ended 31 December 2019**

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

**PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of a Costa Coffee franchisee.

**DIVIDENDS**

Total dividend distributions for the year ended 31 December 2019 were £72,000.

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

A Tagliamonti  
C Jawed

**ENGAGEMENT WITH EMPLOYEES**

Details of how we engage with employees can be found in the Section 172(1) Statement in the Strategic Report.

**ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS**

Details of how we engage with suppliers, customers and others can be found in the Section 172(1) Statement in the Strategic Report.

**STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS**

Details of our corporate governance arrangements can be found in the Section 172(1) Statement in the Strategic Report.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.



**Scoffs Group Ltd (Registered number: 05727713)**

**Report of the Directors  
for the Year Ended 31 December 2019**

**AUDITORS**

The auditors, Cartwrights, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

A Tagliamonti - Director

30 December 2020

## **Report of the Independent Auditors to the Members of Scoffs Group Ltd**

### **Opinion**

We have audited the financial statements of Scoffs Group Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 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 December 2019 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 Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

## **Report of the Independent Auditors to the Members of Scoffs Group Ltd**

### **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 Report of the Directors.

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

- adequate accounting records have not been kept 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 Statement of Directors' Responsibilities set out on page six, 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

### **Other matters**

The prior year figures in the financial statements were unaudited.

### **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.

Andrew Hill FCA (Senior Statutory Auditor)  
for and on behalf of Cartwrights  
Chartered Accountants and Business Advisors  
Statutory Auditor  
Regency House  
33 Wood Street  
Barnet  
Hertfordshire  
EN5 4BE

30 December 2020

**Consolidated Income Statement  
for the Year Ended 31 December 2019**

	Notes	31/12/19 £	31/12/18 £
<b>TURNOVER</b>	4	35,220,726	15,992,034
Cost of sales		(23,036,011)	(10,337,833)
<b>GROSS PROFIT</b>		12,184,715	5,654,201
Administrative expenses		(10,585,131)	(4,993,760)
		1,599,584	660,441
Other operating income		448,192	28,875
<b>OPERATING PROFIT</b>	6	2,047,776	689,316
Interest receivable and similar income		92	1,536
		2,047,868	690,852
Interest payable and similar expenses	8	(699,862)	(129,606)
<b>PROFIT BEFORE TAXATION</b>		1,348,006	561,246
Tax on profit	9	(433,064)	(254,119)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		914,942	307,127
Profit attributable to:			
Owners of the parent		914,942	307,127

The notes form part of these financial statements

Scoffs Group Ltd (Registered number: 05727713)

**Consolidated Other Comprehensive Income  
for the Year Ended 31 December 2019**

	Notes	31/12/19 £	31/12/18 £
<b>PROFIT FOR THE YEAR</b>		914,942	307,127
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>914,942</u>	
Prior year adjustment			<u>(118,843)</u>
<b>TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT</b>			<u>188,284</u>
Total comprehensive income attributable to: Owners of the parent		<u>914,942</u>	<u>188,284</u>

The notes form part of these financial statements

**Consolidated Balance Sheet**  
**31 December 2019**

	Notes	31/12/19 £	£	31/12/18 £	£
<b>FIXED ASSETS</b>					
Intangible assets	12		13,486,023		14,263,926
Tangible assets	13		9,068,036		8,116,345
Investments	14		-		-
Investment property	15		2		2
			<u>22,554,061</u>		<u>22,380,273</u>
<b>CURRENT ASSETS</b>					
Stocks	16	307,472		209,828	
Debtors	17	931,758		486,071	
Prepayments and accrued income		976,696		978,455	
Cash at bank and in hand		<u>1,659,039</u>		<u>3,043,362</u>	
		3,874,965		4,717,716	
<b>CREDITORS</b>					
Amounts falling due within one year	18	<u>7,149,643</u>		<u>6,980,452</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(3,274,678)</u>		<u>(2,262,736)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			19,279,383		20,117,537
<b>CREDITORS</b>					
Amounts falling due after more than one year	19		(17,375,967)		(19,093,014)
<b>PROVISIONS FOR LIABILITIES</b>	24		<u>(409,884)</u>		<u>(273,933)</u>
<b>NET ASSETS</b>			<u>1,493,532</u>		<u>750,590</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	25		100,101		200,101
Retained earnings			<u>1,393,431</u>		<u>550,489</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>1,493,532</u>		<u>750,590</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 December 2020 and were signed on its behalf by:

A Tagliamonti - Director

**Company Balance Sheet**  
**31 December 2019**

	Notes	31/12/19 £	£	31/12/18 £	£
<b>FIXED ASSETS</b>					
Intangible assets	12		-		5,000
Tangible assets	13		837,118		756,982
Investments	14		17,457,843		17,457,843
Investment property	15		-		-
			<u>18,294,961</u>		<u>18,219,825</u>
<b>CURRENT ASSETS</b>					
Debtors	17	1,405,360		2,983,857	
Prepayments and accrued income		117,718		82,284	
Cash at bank		<u>80,964</u>		<u>140,502</u>	
		1,604,042		3,206,643	
<b>CREDITORS</b>					
Amounts falling due within one year	18	<u>2,363,914</u>		<u>2,078,694</u>	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			<u>(759,872)</u>		<u>1,127,949</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			17,535,089		19,347,774
<b>CREDITORS</b>					
Amounts falling due after more than one year	19		(17,375,967)		(19,093,014)
<b>PROVISIONS FOR LIABILITIES</b>	24		<u>(13,766)</u>		<u>-</u>
<b>NET ASSETS</b>			<u><u>145,356</u></u>		<u><u>254,760</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	25		100,101		200,101
Retained earnings			<u>45,255</u>		<u>54,659</u>
<b>SHAREHOLDERS' FUNDS</b>			<u><u>145,356</u></u>		<u><u>254,760</u></u>
Company's profit for the financial year			<u>62,596</u>		<u>300,733</u>

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

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

A Tagliamonti - Director

**Consolidated Statement of Changes in Equity  
for the Year Ended 31 December 2019**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1 January 2018</b>	200,101	435,205	635,306
Prior year adjustment	-	(118,843)	(118,843)
As restated	200,101	316,362	516,463
<b>Changes in equity</b>			
Dividends	-	(73,000)	(73,000)
Total comprehensive income	-	307,127	307,127
<b>Balance at 31 December 2018</b>	200,101	550,489	750,590
<b>Changes in equity</b>			
Issue of share capital	(100,000)	-	(100,000)
Dividends	-	(72,000)	(72,000)
Total comprehensive income	-	914,942	914,942
<b>Balance at 31 December 2019</b>	100,101	1,393,431	1,493,532



**Company Statement of Changes in Equity  
for the Year Ended 31 December 2019**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1 January 2018</b>	200,101	(173,074)	27,027
<b>Changes in equity</b>			
Dividends	-	(73,000)	(73,000)
Total comprehensive income	-	300,733	300,733
<b>Balance at 31 December 2018</b>	<u>200,101</u>	<u>54,659</u>	<u>254,760</u>
<b>Changes in equity</b>			
Issue of share capital	(100,000)	-	(100,000)
Dividends	-	(72,000)	(72,000)
Total comprehensive income	-	62,596	62,596
<b>Balance at 31 December 2019</b>	<u>100,101</u>	<u>45,255</u>	<u>145,356</u>

The notes form part of these financial statements

**Consolidated Cash Flow Statement  
for the Year Ended 31 December 2019**

	Notes	31/12/19 £	31/12/18 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	4,152,220	2,479,312
Interest paid		(698,676)	(129,606)
Interest element of hire purchase payments paid		(1,186)	-
Tax paid		(522,257)	112,935
Net cash from operating activities		<u>2,930,101</u>	<u>2,462,641</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(46,750)	(13,403,058)
Purchase of tangible fixed assets		(2,447,112)	(1,262,822)
Sale of tangible fixed assets		5,528	18,950
Interest received		92	1,536
Net cash from investing activities		<u>(2,488,242)</u>	<u>(14,645,394)</u>
<b>Cash flows from financing activities</b>			
New loans in year		-	15,074,777
New hire purchase in year		100,450	-
Capital repayments in year		(1,803,132)	-
Amount introduced by directors		48,500	-
Amount withdrawn by directors		-	(393,801)
Redemption of preference share capital		(100,000)	-
Equity dividends paid		(72,000)	(73,000)
Net cash from financing activities		<u>(1,826,182)</u>	<u>14,607,976</u>
<b>(Decrease)/increase in cash and cash equivalents</b>		<u>(1,384,323)</u>	<u>2,425,223</u>
<b>Cash and cash equivalents at beginning of year</b>	2	3,043,362	618,139
<b>Cash and cash equivalents at end of year</b>	2	<u><u>1,659,039</u></u>	<u><u>3,043,362</u></u>

The notes form part of these financial statements

**Notes to the Consolidated Cash Flow Statement  
for the Year Ended 31 December 2019**

**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	<b>31/12/19</b>	<b>31/12/18</b>
	<b>£</b>	<b>£</b>
Profit before taxation	1,348,006	561,246
Depreciation charges	2,309,803	1,388,440
Loss on disposal of fixed assets	3,645	641
Finance costs	699,862	129,606
Finance income	(92)	(1,536)
	<u>4,361,224</u>	<u>2,078,397</u>
Increase in stocks	(97,644)	(124,201)
Increase in trade and other debtors	(251,432)	(167,347)
Increase in trade and other creditors	<u>140,072</u>	<u>692,463</u>
<b>Cash generated from operations</b>	<u><b>4,152,220</b></u>	<u><b>2,479,312</b></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 December 2019**

	<b>31/12/19</b>	<b>1/1/19</b>
	<b>£</b>	<b>£</b>
Cash and cash equivalents	<u>1,659,039</u>	<u>3,043,362</u>

**Year ended 31 December 2018**

	<b>31/12/18</b>	<b>1/1/18</b>
	<b>£</b>	<b>£</b>
Cash and cash equivalents	<u>3,043,362</u>	<u>618,139</u>

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

	<b>At 1/1/19</b>	<b>Cash flow</b>	<b>At 31/12/19</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Net cash</b>			
Cash at bank and in hand	<u>3,043,362</u>	<u>(1,384,323)</u>	<u>1,659,039</u>
	<u>3,043,362</u>	<u>(1,384,323)</u>	<u>1,659,039</u>
<b>Debt</b>			
Finance leases	-	(95,978)	(95,978)
Debts falling due within 1 year	(1,999,532)	-	(1,999,532)
Debts falling due after 1 year	<u>(19,093,014)</u>	<u>1,798,660</u>	<u>(17,294,354)</u>
	<u>(21,092,546)</u>	<u>1,702,682</u>	<u>(19,389,864)</u>
<b>Total</b>	<u><b>(18,049,184)</b></u>	<u><b>318,359</b></u>	<u><b>(17,730,825)</b></u>

The notes form part of these financial statements

**Notes to the Consolidated Financial Statements  
for the Year Ended 31 December 2019**

**1. STATUTORY INFORMATION**

Scoffs Group Ltd 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. STATEMENT OF COMPLIANCE**

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.

**3. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

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 undertakings made up to 31 December 2019. 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 consideration.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019**

**3. ACCOUNTING POLICIES - continued**

**Significant judgements and estimates**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying the entity's accounting policies

**Classification of a lease**

Determining whether leases entered into by the group as a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred to the group.

**Impairment of investments**

The group assesses at each reporting date whether there is any indication that investments may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset. If there are no indications of impairment, it is not necessary to estimate the recoverable amount.

When undertaking this review for potential, management assess the various information available to it, both internally, and externally.

**Critical accounting estimates and assumptions**

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

**Useful economic lives of intangible assets**

The annual amortisation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re - assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, further investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of tangible assets, and note 3 for the useful economic lives for each class of asset.

**Useful economic lives of tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re - assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, further investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of tangible assets, and note 3 for the useful economic lives for each class of asset.

**Dilapidation and decommissioning contingent liability**

The group makes an estimate per store on how much its liability would be to restore each store to the conditions outlined in the lease. When assessing this the group considered various matters including, the current condition of each store and the amount of leasehold improvement that have been made that would be required to be removed. See note 26 for further details on this contingent liability.

**Turnover**

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

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019**

**3. ACCOUNTING POLICIES - continued**

**Goodwill**

Goodwill is stated at cost less accumulated amortisation and impairment losses.

Goodwill is amortised over its estimated useful life on a straight line basis.

The directors annually reappraise the useful economic life of goodwill on the balance sheet and believe that a total useful economic life of 20 years is appropriate for the group.

As a result of this, the book value of goodwill as at 1 January 2019 will be written off over the remaining useful economic life of each goodwill element. As a result of this adjustment, the annual goodwill charge is £779,845 lower than under the previous accounting estimate based on a total useful economic life of 10 years.

**Intangible assets**

Patents and licence fees (franchise fees) are written off over their estimated useful economic life.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its useful economic life:

Short leasehold	- over the term of the lease
Long leasehold	- over the term of the lease
Improvements to property	- 10% on cost
Plant and machinery	- 25% on reducing balance
Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 33% on cost

In order that depreciation rates are consistent across the group, the fair value of plant and machinery, fixtures and fittings and motor vehicles in some of the undertakings was ascertained and depreciation re-calculated on the above basis on the remaining useful economic life of the assets concerned.

The cumulative difference in the depreciation charge since individual asset acquisition date on this fair value basis totalled £473,349 and has been adjusted for in these consolidated financial statements. The cumulative adjustment is not material and has therefore been adjusted for in the financial year rather than requiring a prior period adjustment.

**Investment property**

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

**Stocks**

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

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019**

**3. ACCOUNTING POLICIES - continued**

**Financial instruments**

Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at the transaction value.

They are then subsequently carried at amortised cost using the effective interest rate method,

At the end of each reporting period financial assets are assessed for impairment. If an impairment exists the impairment loss is recognised in the income statement.

Financial assets are derecognised when:

- the contractual right to cash flows from the asset are settled or expire,
- substantially all the risk and rewards of the ownership of the asset are transferred to another party or
- despite retaining some significant risks and rewards, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset without additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other creditors are initially recognised at the transaction value.

They are then subsequently carried at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when the liability is discharged, cancelled or expires.

**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.

**Deferred tax**

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

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

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

**Hire purchase and leasing commitments**

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

Incentives received to enter into an operating lease are credited to the income statement, to reduce the lease expense, 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.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019**

**3. ACCOUNTING POLICIES - continued**

**Going concern**

At the balance sheet date current liabilities exceeded current assets by £3,274,678 (2018: £2,262,736). Included in creditors are bank loans totalling £1,999,532 (2018: £1,999,532) which are only payable in equal monthly and quarterly instalments over the coming year and within accruals are short leasehold property incentive deferred income totalling £695,117 (2018: £781,779) which is being released over the terms of the lease and are not payable liabilities. Combined with the net assets reported on the consolidated balance sheet of £1,493,532 (2018: £750,590) the directors consider it appropriate to prepare these financial statements on a going concern basis.

The COVID-19 pandemic has developed rapidly in 2020. The resulting impact of the virus on the operations and measures taken by the UK Government to contain the virus have negatively affected the group's results in the reporting period. The currently known impacts of COVID-19 on the group are:

- a decline in revenues for the first 11 months of 2020 compared with the same period in 2019 of 37%;
- the closure of the company's sales locations for 3 months in April to June 2020, and restricted opening at various times since then, depending upon measures taken by the UK government

These developments have resulted in an operating loss of £1.8 million for the group in the 11 months to November 2020. There has been no reduction of our available funding of £17.50 million.

Whilst there have been leverage breaches on the secured group facility agreement in 2020, the bank have confirmed that no action will be taken pursuant to these breaches.

Despite the challenges faced management has implemented various plans and measures including:

- we temporarily closed stores in order to manage our available cash reserves;
- we have obtained from our lenders a waiver of the breaches of our covenants;
- we negotiated an average rent free period of 2 ½ months across our portfolio of property leases;
- during the shutdown period specifically, we were able to negotiate with our key fixed cost suppliers a zero cost or a significantly reduced cost. In relation to the Franchisor, Costa Coffee, we negotiated deferred payment terms and substantially reduced Royalty charges;
- in order to help partially mitigate our lost sales due to social distancing, the Franchisor introduced new digital delivery platforms and these have had the effect of creating additional sales of circa 10%;
- we utilised the available UK Governments Coronavirus Job Retention Scheme to the extent that it was available to us; and
- we utilised the available UK Governments Grants to the extent that it was available to us

However, if shops are required to close for a significant period without further Government support then it will be necessary to raise additional capital from investors or financing from lenders. We have started those discussions and we expect that this capital will be available if required.

As a result of these measures, and despite the significant uncertainty that exists, we do not believe that there is a material uncertainty that may cast significant doubt upon the company's ability to continue as a going concern. The directors therefore believe that it is appropriate for these financial statements to be prepared on a going concern basis.

**4. TURNOVER**

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



**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019**

**5. EMPLOYEES AND DIRECTORS**

	<b>31/12/19</b>	<b>31/12/18</b>
	<b>£</b>	<b>£</b>
Wages and salaries	9,926,910	4,517,007
Social security costs	508,465	243,219
Other pension costs	212,642	36,053
	<u>10,648,017</u>	<u>4,796,279</u>

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

	<b>31/12/19</b>	<b>31/12/18</b>
Directors	2	2
Operations managers	12	6
Finance manager	-	1
Administration	4	3
Other employees	<u>628</u>	<u>304</u>
	<u>646</u>	<u>316</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 646 (2018 - 608 ).

	<b>31/12/19</b>	<b>31/12/18</b>
	<b>£</b>	<b>£</b>
Directors' remuneration	<u>47,876</u>	<u>48,359</u>

**6. OPERATING PROFIT**

The operating profit is stated after charging:

	<b>31/12/19</b>	<b>31/12/18</b>
	<b>£</b>	<b>£</b>
Other operating leases	2,706,750	1,152,349
Depreciation - owned assets	1,489,998	2,109,127
Loss on disposal of fixed assets	3,645	641
Goodwill amortisation	732,075	404,576
Patents and licences amortisation	88,828	118,145
Auditors' remuneration	<u>38,730</u>	<u>15,684</u>

**7. EXCEPTIONAL ITEMS**

	<b>31/12/19</b>	<b>31/12/18</b>
	<b>£</b>	<b>£</b>
Exceptional items	<u>(21,676)</u>	<u>(25,083)</u>

During the year the group wrote off irrecoverable loans to a company under common control.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019**

**8. INTEREST PAYABLE AND SIMILAR EXPENSES**

	<b>31/12/19</b>	<b>31/12/18</b>
	<b>£</b>	<b>£</b>
Bank interest	698,196	129,606
Interest payable	480	-
Hire purchase	1,186	-
	<u>699,862</u>	<u>129,606</u>

**9. TAXATION**

**Analysis of the tax charge**

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

	<b>31/12/19</b>	<b>31/12/18</b>
	<b>£</b>	<b>£</b>
Current tax:		
UK corporation tax	297,415	268,501
Corporation tax prior year	(301)	-
Total current tax	<u>297,114</u>	<u>268,501</u>
Deferred tax	135,950	(14,382)
Tax on profit	<u>433,064</u>	<u>254,119</u>

**10. INDIVIDUAL INCOME STATEMENT**

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

**11. DIVIDENDS**

	<b>31/12/19</b>	<b>31/12/18</b>
	<b>£</b>	<b>£</b>
Ordinary A shares of £1 each		
Interim	12,000	13,000
Ordinary B Non-voting share share of £1		
Interim	<u>60,000</u>	<u>60,000</u>
	<u>72,000</u>	<u>73,000</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019

12. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Patents and licences £	Totals £
<b>COST</b>			
At 1 January 2019	14,814,102	803,119	15,617,221
Additions	-	46,750	46,750
Disposals	-	(5,000)	(5,000)
Reclassification/transfer	164,119	-	164,119
At 31 December 2019	14,978,221	844,869	15,823,090
<b>AMORTISATION</b>			
At 1 January 2019	785,411	567,884	1,353,295
Amortisation for year	732,075	88,828	820,903
Eliminated on disposal	-	(1,250)	(1,250)
Reclassification/transfer	164,119	-	164,119
At 31 December 2019	1,681,605	655,462	2,337,067
<b>NET BOOK VALUE</b>			
At 31 December 2019	13,296,616	189,407	13,486,023
At 31 December 2018	14,028,691	235,235	14,263,926

The directors annually reappraise the useful economic life of goodwill on the balance sheet and believe that a total useful economic life of 20 years is appropriate for the group.

As a result of this, the book value of goodwill as at 1 January 2019 will be written off over the remaining useful economic life of each goodwill element. As a result of this adjustment, the annual goodwill charge is £779,845 lower than under the previous accounting estimate based on a total useful economic life of 10 years.

Company

	Goodwill £
<b>COST</b>	
At 1 January 2019 and 31 December 2019	89,590
<b>AMORTISATION</b>	
At 1 January 2019	84,590
Amortisation for year	5,000
At 31 December 2019	89,590
<b>NET BOOK VALUE</b>	
At 31 December 2019	-
At 31 December 2018	5,000

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019

## 13. TANGIBLE FIXED ASSETS

## Group

	Freehold property £	Short leasehold £	Long leasehold £	Improvements to property £
<b>COST</b>				
At 1 January 2019	-	1,686,663	705,793	5,981,561
Additions	-	54,329	-	917,152
Disposals	-	-	-	-
Reclassification/transfer	190,681	-	(190,681)	-
At 31 December 2019	190,681	1,740,992	515,112	6,898,713
<b>DEPRECIATION</b>				
At 1 January 2019	-	1,295,163	1,523	2,648,410
Charge for year	3,814	117,451	707	550,756
Eliminated on disposal	-	-	-	-
At 31 December 2019	3,814	1,412,614	2,230	3,199,166
<b>NET BOOK VALUE</b>				
At 31 December 2019	186,867	328,378	512,882	3,699,547
At 31 December 2018	-	391,500	704,270	3,333,151

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>					
At 1 January 2019	5,071,059	5,335,815	51,653	177,726	19,010,270
Additions	357,413	985,261	115,450	17,507	2,447,112
Disposals	-	-	(6,850)	(123,608)	(130,458)
Reclassification/transfer	-	-	-	-	-
At 31 December 2019	5,428,472	6,321,076	160,253	71,625	21,326,924
<b>DEPRECIATION</b>					
At 1 January 2019	3,290,873	3,489,009	23,626	145,321	10,893,925
Charge for year	347,636	470,057	(19,781)	19,358	1,489,998
Eliminated on disposal	-	-	(1,427)	(123,608)	(125,035)
At 31 December 2019	3,638,509	3,959,066	2,418	41,071	12,258,888
<b>NET BOOK VALUE</b>					
At 31 December 2019	1,789,963	2,362,010	157,835	30,554	9,068,036
At 31 December 2018	1,780,186	1,846,806	28,027	32,405	8,116,345

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019**

**13. TANGIBLE FIXED ASSETS - continued**

**Group**

In order that depreciation rates are consistent across the group, the fair value of plant and machinery, fixtures and fittings and motor vehicles in some of the undertakings was ascertained and depreciation re-calculated on the above basis on the remaining useful economic life of the assets concerned.

The cumulative difference in the depreciation charge since individual asset acquisition date on this fair value basis totalled £473,349 and has been adjusted for in these consolidated financial statements. The cumulative adjustment is not material and has therefore been adjusted for in the financial year rather than requiring a prior period adjustment.

**Company**

	<b>Freehold property £</b>	<b>Long leasehold £</b>	<b>Improvements to property £</b>
<b>COST</b>			
At 1 January 2019	-	705,793	32,391
Additions	-	-	1,270
Disposals	-	-	-
Reclassification/transfer	190,681	(190,681)	-
At 31 December 2019	<u>190,681</u>	<u>515,112</u>	<u>33,661</u>
<b>DEPRECIATION</b>			
At 1 January 2019	-	1,523	18,334
Charge for year	3,814	707	6,690
Eliminated on disposal	-	-	-
At 31 December 2019	<u>3,814</u>	<u>2,230</u>	<u>25,024</u>
<b>NET BOOK VALUE</b>			
At 31 December 2019	<u>186,867</u>	<u>512,882</u>	<u>8,637</u>
At 31 December 2018	<u>-</u>	<u>704,270</u>	<u>14,057</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019

13. TANGIBLE FIXED ASSETS - continued

Company

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>				
At 1 January 2019	7,000	30,686	47,153	823,023
Additions	-	3,661	115,450	120,381
Disposals	-	-	(6,850)	(6,850)
Reclassification/transfer	-	-	-	-
At 31 December 2019	<u>7,000</u>	<u>34,347</u>	<u>155,753</u>	<u>936,554</u>
<b>DEPRECIATION</b>				
At 1 January 2019	4,295	19,844	22,045	66,041
Charge for year	1,400	5,847	16,364	34,822
Eliminated on disposal	-	-	(1,427)	(1,427)
At 31 December 2019	<u>5,695</u>	<u>25,691</u>	<u>36,982</u>	<u>99,436</u>
<b>NET BOOK VALUE</b>				
At 31 December 2019	<u>1,305</u>	<u>8,656</u>	<u>118,771</u>	<u>837,118</u>
At 31 December 2018	<u>2,705</u>	<u>10,842</u>	<u>25,108</u>	<u>756,982</u>

14. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
<b>COST</b>	
At 1 January 2019 and 31 December 2019	<u>17,457,843</u>
<b>NET BOOK VALUE</b>	
At 31 December 2019	<u>17,457,843</u>
At 31 December 2018	<u>17,457,843</u>

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

Subsidiaries

**Scoffs (Essex) Limited**

Registered office: England and Wales

Nature of business: Costa Coffee franchisee

Class of shares:	% holding
Ordinary	100.00

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019**

**14. FIXED ASSET INVESTMENTS - continued**

**Aimes Limited**

Registered office: England and Wales

Nature of business: Costa Coffee franchisee

Class of shares:	%
Ordinary	holding 100.00

**Scoffs (Gidea Park) Limited**

Registered office: England and Wales

Nature of business: Dormant

Class of shares:	%
Ordinary	holding 100.00

**Premiere Coffee Limited**

Registered office: England and Wales

Nature of business: Costa Coffee franchisee

Class of shares:	%
Ordinary	holding 100.00

**Jurassic Coast Coffee Limited**

Registered office: England and Wales

Nature of business: Costa Coffee franchisee

Class of shares:	%
Ordinary	holding 100.00

**Premier Coffee Limited**

Registered office: England and Wales

Nature of business: Dormant

Class of shares:	%
Ordinary	holding 100.00

**15. INVESTMENT PROPERTY**

**Group**

**FAIR VALUE**

At 1 January 2019

and 31 December 2019

**NET BOOK VALUE**

At 31 December 2019

At 31 December 2018

**Total  
£**

2

2

2

The directors have reviewed the market value of the investment property as at 31 December 2019 and revalued it accordingly. There has been no change in fair value during the financial period under review.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019

16. STOCKS

	Group	
	31/12/19	31/12/18
	£	£
Stocks	<u>307,472</u>	<u>209,828</u>

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31/12/19	31/12/18	31/12/19	31/12/18
	£	£	£	£
Trade debtors	406,737	383,620	-	-
Amounts owed by group undertakings	-	-	1,342,367	2,924,258
Other debtors	332,525	102,451	54,456	54,350
Tax	192,496	-	-	-
VAT	-	-	8,537	2,808
Deferred tax asset	-	-	-	2,441
	<u>931,758</u>	<u>486,071</u>	<u>1,405,360</u>	<u>2,983,857</u>

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31/12/19	31/12/18	31/12/19	31/12/18
	£	£	£	£
Bank loans and overdrafts (see note 20)	1,999,532	1,999,532	1,999,532	1,999,532
Hire purchase contracts (see note 21)	14,365	-	14,365	-
Trade creditors	2,155,536	1,647,437	5,791	21,867
Amounts owed to group undertakings	-	-	256,740	-
Tax	278,516	311,163	-	26,227
Social security and other taxes	113,393	120,126	13,091	10,940
Pensions liabilities	14,638	2,680	-	691
VAT	1,002,965	1,266,294	-	-
Other creditors	79,731	29,534	1,740	2
Directors' loan accounts	67,590	19,090	67,590	19,090
Accruals and deferred income	1,423,377	1,584,596	5,065	345
	<u>7,149,643</u>	<u>6,980,452</u>	<u>2,363,914</u>	<u>2,078,694</u>

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	31/12/19	31/12/18	31/12/19	31/12/18
	£	£	£	£
Bank loans (see note 20)	17,294,354	19,093,014	17,294,354	19,093,014
Hire purchase contracts (see note 21)	81,613	-	81,613	-
	<u>17,375,967</u>	<u>19,093,014</u>	<u>17,375,967</u>	<u>19,093,014</u>



Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019

20. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	31/12/19	31/12/18	31/12/19	31/12/18
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	<u>1,999,532</u>	<u>1,999,532</u>	<u>1,999,532</u>	<u>1,999,532</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>17,294,354</u>	<u>19,093,014</u>	<u>17,294,354</u>	<u>19,093,014</u>

21. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	31/12/19	31/12/18
	£	£
Net obligations repayable:		
Within one year	14,365	-
Between one and five years	<u>81,613</u>	<u>-</u>
	<u>95,978</u>	<u>-</u>

Company

	Hire purchase contracts	
	31/12/19	31/12/18
	£	£
Net obligations repayable:		
Within one year	14,365	-
Between one and five years	<u>81,613</u>	<u>-</u>
	<u>95,978</u>	<u>-</u>

Group

	Non-cancellable	operating leases
	31/12/19	31/12/18
	£	£
Within one year	2,820,041	2,292,964
Between one and five years	9,435,728	7,919,003
In more than five years	<u>6,914,568</u>	<u>6,400,051</u>
	<u>19,170,337</u>	<u>16,612,018</u>

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019**

**22. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>Group</b>		<b>Company</b>	
	<b>31/12/19</b>	<b>31/12/18</b>	<b>31/12/19</b>	<b>31/12/18</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans	19,293,886	21,092,546	19,293,886	21,092,546

Details of security held:

- First mortgage over a life policy;
- Debenture including fixed charge over all present freehold and leasehold property;
- Fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future;
- First floating charge over all assets, both present and future;
- Unlimited multilateral guarantee given by Scoffs Group Ltd, Aimes Limited, Scoffs (Essex) Limited, Premiere Coffee Limited, Jurassic Coast Coffee Limited;
- Composite company unlimited multilateral guarantee given by Scoffs Group Ltd, Aimes Limited and Scoffs (Essex) Limited, and;
- First legal charge over leasehold property known as Ground Floor, 5 Station Approach, Hose Street, London, E17 9QF

**23. FINANCIAL INSTRUMENTS**

**Group**

	<b>2019</b>	<b>2018</b>
<b>£</b>		
Financial assets that are debt instruments measured at amortised cost	931,758	486,071
Financial assets that are equity instruments measured at cost less impairment	-	-
	<u>931,758</u>	<u>486,071</u>
Financial liabilities measured at amortised cost	<u>23,034,643</u>	<u>24,469,780</u>

**Company**

	<b>2019</b>	<b>2018</b>
<b>£</b>		
Financial assets that are debt instruments measured at amortised cost	1,405,360	2,983,857
Financial assets that are equity instruments measured at cost less impairment	17,457,843	17,457,843
	<u>18,863,203</u>	<u>20,441,700</u>
Financial liabilities measured at amortised cost	<u>19,667,227</u>	<u>21,152,273</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors and amounts owed by group undertakings.

Financial assets that are equity instruments measured at cost less impairment comprise of shares in group undertakings.

Financial liabilities measured at amortised cost comprise of trade creditors, tax, social security and other taxes, VAT, other creditors, bank loans, hire purchase and amounts owed to group undertakings.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019

24. PROVISIONS FOR LIABILITIES

	Group		Company	
	31/12/19	31/12/18	31/12/19	31/12/18
	£	£	£	£
Deferred tax				
Accelerated capital allowances	<u>409,884</u>	<u>273,933</u>	<u>13,766</u>	<u>-</u>
<b>Group</b>				
				<b>Deferred tax</b>
				<b>£</b>
Balance at 1 January 2019				273,933
Charge to Income Statement during year				<u>135,951</u>
Balance at 31 December 2019				<u><u>409,884</u></u>
<b>Company</b>				
				<b>Deferred tax</b>
				<b>£</b>
Balance at 1 January 2019				(2,441)
Provided during year				<u>16,207</u>
Balance at 31 December 2019				<u><u>13,766</u></u>

25. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31/12/19	31/12/18
			£	£
100,000	Preference	£1	100,000	200,000
(31/12/18 - 200,000 )				
100	Ordinary A	£1	100	100
1	Ordinary B Non-voting share	£1	<u>1</u>	<u>1</u>
			<u><u>100,101</u></u>	<u><u>200,101</u></u>

The preference shares of £1 each are solely redeemable at the discretion of the company and at a point in time at the company's discretion only.

On 1 August 2019 the company redeemed 100,000 of the £1 preference shares at par.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019**

**26. CONTINGENT LIABILITIES**

Cross guarantee

A cross guarantee exists across all group companies in relation to the bank loan held in the parent undertaking name on behalf of the trading group.

Dilapidations and decommissioning liabilities

At the year end the best estimate of the value of the expenditure expected to be incurred by the group in order to satisfy its obligation to restore its leasehold premises to the condition required under the lease at the agreement at the end of the lease is estimated to be £24,000 per store. At the year end the group operated from 88 stores. There is not expected to be any reimbursement to the group for this.

The leases are for varying period of time and are not all due to expire at once.

The uncertainties relating to the timing of any outflow is due to the group not having a history of exiting any stores once established. The Landlord and Tenant Act 1954 provides that a commercial tenant has the right to renew its lease of the premises that it occupies for the purposes of its business.

No security has been given for the contingent liability.

**27. RELATED PARTY DISCLOSURES**

During the year, total dividends of £72,000 (2018 - £73,000) were paid to the directors .

At the balance sheet date the group owed £67,590 (2018: £19,090) to the directors.

**28. POST BALANCE SHEET EVENTS**

**Non-adjusting post balance sheet events - Covid 19**

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity and the group's business in various material ways, including the reduction of economic activity and requirement to close our stores for a number of months which has resulted in a significant reduction in sales.

As a result of these effects our cumulative revenue in the first 11 months of 2020 was approximately 37% lower than our 2019 revenues in the same period. The company's operating results have declined significantly in 2020, resulting in a net operating loss of £1.8m in the 11 months to November 2020. Whilst our liquidity and headroom has been negatively impacted, as a result of negotiations with our suppliers and landlords, we have not been required to obtain additional funding from our banks and have been able to operate within our current facilities.

In the period since 31 December 2019 the group has not incurred any material losses due to impairments recognised on outstanding receivables or write down of inventories.

The UK Governments also announced the implementation of government assistance measures which mitigated some of the impact of the COVID-19 pandemic on our results and liquidity. To the extent appropriate we have applied for such government assistance, in particular the Coronavirus Job Retention Scheme. The details of all of the arrangements that might be available to us and the period throughout which they will remain available are continuing to evolve and remain subject to uncertainty. We are continuing to assess the implications for our business when these arrangements are no longer available. In particular, the withdrawal of the assistance currently provided by the Coronavirus Job Retention Scheme, currently available until the end of April 2021 in would adversely affect the performance of our stores if they were not allowed to re-open for "sit-in" service.

Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, the group might experience further negative results, and liquidity restraints and incur additional impairments on its assets in 2020 and 2021. The exact impact on our activities in the remainder of 2020 and in 2021 and thereafter cannot be predicted. We also refer to note 3 regarding going concern.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019**

**29. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is A Tagliamonti.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.