

Company Registration No. 07176524 (England and Wales)

NOTES: MUSIC & COFFEE LTD
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
PAGES FOR FILING WITH REGISTRAR

NOTES: MUSIC & COFFEE LTD

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NOTES: MUSIC & COFFEE LTD

BALANCE SHEET

AS AT 30 JUNE 2019

		2019	2018
	Notes	£	as restated £
Fixed assets			
Tangible assets	3	826,299	996,889
Current assets			
Stocks		101,784	185,881
Debtors	4	945,422	797,037
Cash at bank and in hand		706,413	103,984
		<u>1,753,619</u>	<u>1,086,902</u>
Creditors: amounts falling due within one year	5	<u>(975,273)</u>	<u>(1,230,431)</u>
Net current assets/(liabilities)		778,346	(143,529)
Total assets less current liabilities		1,604,645	853,360
Creditors: amounts falling due after more than one year	6	(1,755,688)	(1,840,358)
Provisions for liabilities	7	<u>(14,963)</u>	<u>-</u>
Net liabilities		<u><u>(166,006)</u></u>	<u><u>(986,998)</u></u>
Capital and reserves			
Called up share capital	8	197	168
Share premium account		2,466,710	1,333,149
Profit and loss reserves		<u>(2,632,913)</u>	<u>(2,320,315)</u>
Total equity		<u><u>(166,006)</u></u>	<u><u>(986,998)</u></u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 30 June 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

NOTES: MUSIC & COFFEE LTD

BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2019

The financial statements were approved by the board of directors and authorised for issue on 26 March 2020 and are signed on its behalf by:

E Halfon

Director

Company Registration No. 07176524

NOTES: MUSIC & COFFEE LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

Company information

Notes: Music & Coffee Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 1 Parkshot, Richmond, Surrey, TW9 2RD.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements have been prepared with early application of the FRS 102 Triennial Review 2017 amendments relating to directors' loans.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

Other borrowings included within creditors due after one year represent shareholder loans amounting to £1,311,554 (2018: £1,311,554), the repayment terms of which are more than twelve months from the date of these financial statements. Bank loans, which total £516,670 (2018: £599,674) as at 30 June 2019, are repayable by March 2022. Capital repayments commenced in September 2018. After making enquiries, the directors have a reasonable expectation that the company has adequate cash resources to continue in operational existence for the foreseeable future and to meet its financial obligations as they fall due.

On the basis of the above, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

1.3 Turnover

Turnover consists of the revenue derived from the company's principal activity and includes the sale of hot and cold food and drink. Turnover is recognised at the fair value of the consideration received or receivable for the sale of these products in the normal course of business, and is shown net of VAT and other sales related taxes.

Other operating income consists of rents, management fees and sundry income receivable from third parties. Capital contributions released to profit and loss are also recorded as part of other operating income.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Straight line over the life of the lease
Plant and machinery	33.33% straight line
Fixtures, fittings & equipment	33.33% straight line
Computer equipment	33.33% straight line
Motor vehicles	33.33% straight line

NOTES: MUSIC & COFFEE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

NOTES: MUSIC & COFFEE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

The tax expense represents deferred tax.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

NOTES: MUSIC & COFFEE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

1.14 Capital contributions

Amounts received to finance capital expenditure are amortised to the Profit and Loss account to match against the depreciation charged on the associated capital items acquired. Such amounts are recorded as part of other operating income.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 120 (2018 - 100).

NOTES: MUSIC & COFFEE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

3 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 July 2018	1,065,954	1,506,897	2,572,851
Additions	32,311	174,515	206,826
Disposals	-	(17,262)	(17,262)
At 30 June 2019	1,098,265	1,664,150	2,762,415
Depreciation and impairment			
At 1 July 2018	372,010	1,203,951	1,575,961
Depreciation charged in the year	165,662	211,755	377,417
Eliminated in respect of disposals	-	(17,262)	(17,262)
At 30 June 2019	537,672	1,398,444	1,936,116
Carrying amount			
At 30 June 2019	560,593	265,706	826,299
At 30 June 2018	693,943	302,946	996,889

Plant and machinery includes assets held subject to hire purchase and finance leases. Such assets had a net book value as at 30 June 2019 of £29,930 (2018: £15,976). Depreciation amounting to £8,129 (2018: £3,194) was charged during the year.

4 Debtors

	2019	2018
	£	£
Amounts falling due within one year:		
Trade debtors	97,712	75,888
Corporation tax recoverable	4,619	-
Other debtors	843,091	721,149
	945,422	797,037

Other debtors include rent deposits of £314,728 (2018: £317,569) which is due after more than one year.

NOTES: MUSIC & COFFEE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

5 Creditors: amounts falling due within one year

	2019	2018
	£	£
Bank loans and overdrafts	100,402	85,065
Obligations under finance leases	8,343	3,835
Trade creditors	463,968	638,195
Taxation and social security	178,283	175,510
Other creditors	192,338	228,589
Accruals and deferred income	31,939	99,237
	<u>975,273</u>	<u>1,230,431</u>

The bank loans are secured by a fixed and floating charge over the company's assets and by personal guarantees given by certain directors. The finance leases are secured on the assets concerned.

6 Creditors: amounts falling due after more than one year

	2019	2018
	£	£
Bank loans and overdrafts	416,674	516,344
Obligations under finance leases	27,460	12,460
Other borrowings	1,311,554	1,311,554
	<u>1,755,688</u>	<u>1,840,358</u>

The bank loans are secured by a fixed and floating charge over the company's assets and by personal guarantees given by certain directors. The finance leases are secured on the assets concerned.

Other borrowings include amounts owed to director shareholders of £301,710 (2018: £301,710). Such amounts are advanced on an interest free basis and are recorded at transaction cost.

7 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities	Liabilities
	2019	2018
Balances:	£	£
Accelerated capital allowances	<u>14,963</u>	<u>-</u>

NOTES: MUSIC & COFFEE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

7	Deferred taxation	(Continued)
		2019
	Movements in the year:	£
	Liability at 1 July 2018	-
	Charge to profit or loss	14,963
	Liability at 30 June 2019	14,963

The deferred tax liability set out above is expected to reverse and relates to accelerated capital allowances that are expected to mature in the foreseeable future.

8	Called up share capital	2019	2018
		£	£
	Ordinary share capital		
	Issued and fully paid		
	17,951,096 (2018: 16,447,286) A Ordinary of 0.001p each	179	164
	918,323 (2018: 408,666) B Investment of 0.001p each	9	4
	889,135 (2018: 0) C Ordinary of 0.001p each	9	-
		<u>197</u>	<u>168</u>

The A Ordinary Shares hold the right to vote.
The B Investment Shares do not hold the right to vote.
The C Ordinary Shares hold the right to vote.

Reconciliation of movements during the year:

	A	B	C
	Number	Number	Number
At 1 July 2018	16,447,286	408,666	-
Issue of fully paid shares	<u>1,503,810</u>	<u>509,657</u>	<u>889,135</u>
At 30 June 2019	<u>17,951,096</u>	<u>918,323</u>	<u>889,135</u>

NOTES: MUSIC & COFFEE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

9 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

2019	2018
£	£
5,025,598	5,260,568

10 Related party transactions

Transactions with related parties

Included within Other Creditors are amounts owed to Flat Cap Coffee Co Limited, a company under common control. As at 30 June 2019, Flat Cap Coffee Co Limited was owed £48,535 (2018: £56,035).

11 Comparative balance sheet

Amounts appearing in the comparative balance sheet to 30 June 2018 have been amended to reflect the reallocation of loan amounts falling due within twelve months of the balance sheet date. As a result of the reallocation, the following restatements have been made:

	Restated amount	Original amount
	£	£
Balance sheet heading		
Net current liabilities	(143,529)	(60,199)
Total assets less current liabilities	853,360	936,690
Creditors: amounts falling due after more than one year	(1,840,358)	(1,923,688)
Net liabilities	(986,998)	(986,998)

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