

Registered number: 10355356

EUPHORIUM BAKERY COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 JANUARY 2021



EUPHORIUM BAKERY COMPANY LIMITED

COMPANY INFORMATION

Directors	C C J Copner A T L Woodruff I A Malik
Registered number	10355356
Registered office	12 Devereux Court London WC2R 3JJ
Independent auditors	Randall & Payne LLP Chargrove House Shurdington Road Cheltenham Gloucestershire GL51 4GA

EUPHORIUM BAKERY COMPANY LIMITED

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EUPHORIUM BAKERY COMPANY LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 31 JANUARY 2021

Introduction

The directors present their strategic report for the year ended 31 January 2021.

Business review

Euphorium Bakery Company Limited ("EBCL", the "Company") was incorporated in September 2016 for the purpose of acquiring the trade and assets of Euphorium (North London) Limited from Tesco Plc, including the assignment of six leasehold premises. The transfer of assets and lease assignment process was completed on 7 December 2016, with operational responsibility, risk and reward for business trading transferring on the same date.

EBCL is now a principal trading company in the BTC Hospitality group of companies ("BTC Hospitality"). BTC Hospitality was established during 2016 following the two corporate acquisitions of EBCL and Apostrophe Restaurants Limited ("ARL"), to sit alongside the existing Soho Coffee Shops Limited ("SCSL") trading company under the renamed holding company, BTC Hospitality Investments Limited.

EBCL currently has a managed store portfolio of six Euphorium branded stores in London. BTC Hospitality, including EBCL, is owned and funded by its Qatar ultimate owner, Business Trading Company W.L.L. ("BTC WLL"). BTC WLL is a major retail, hospitality and property organisation with operations across the Middle East, and with approximately \$1 billion assets under management. BTC WLL is committed to significant further investment in the UK market, and will continue to fund an ambitious UK investment program.

Principal risks and uncertainties

This section describes some of the risks that could affect the Company's business activities. Not all potential risks are listed but those that, in the opinion of the board could have a material impact on revenues, profits, net assets and financial resources.

Coronavirus pandemic

The operations and trade of EBCL were materially and pervasively impacted by the pandemic throughout the financial year under review, and this has continued into the new financial year with certain UK government restrictions on retail and hospitality remaining in place subject to the provisions of the 'road map' announcement.

In accordance with UK government directives, EBCL first closed all of its stores to the general public on Sunday 22 March 2020, as well as its central production unit and office facilities. A large proportion of stores were gradually reopened, starting on 1 May 2020 and continuing through the summer months of 2020, in accordance with UK government policy and trading restrictions in place throughout this period. However, just as described for our hotel operations, above, the second and third national lockdowns through Q4 2020 and Q1 Q2 2021 forced the closure of all coffee shop stores once again in late 2020. A small number of our stores were able to operate a take-away only service through this period, and there has been a gradual ramp up of operations again since 12 April 2021, the date on which non-essential retail was allowed to reopen in accordance with the UK government 'road map' plan. This gradual reopening continued through the remaining government milestone dates in May and June 2021.

Throughout the period since March 2020, the senior management team has been proactively engaged with stakeholders across the business, including staff, landlords, suppliers, customers, government, and shareholders, in order to mitigate and manage the financial impact on the business, and provide necessary communication updates. During the lockdown period, EBCL has used all possible means to protect cash flow, including application to the UK government furlough scheme, local authority grants, the VAT and business rates deferral mechanisms, and rent cost mitigation arrangements.

EUPHORIUM BAKERY COMPANY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 JANUARY 2021

While the long term impacts of the pandemic remain unknown and unknowable to all parts of public life and the economy, the directors continue to conduct and refresh business planning exercises on the basis of a gradual and controlled return to approaching pre pandemic levels of trade from Q4 2021 onwards and moving into 2022. On this basis, while financial performance in calendar years 2020 and 2021 has been materially impacted by the pandemic, we currently see no basis to estimate and/or record potential fixed asset impairments as at the 31 January 2021 accounting date on account of the pandemic.

The directors, in consultation with Company auditors, will continue to monitor this situation closely over the coming year, and based on the evidence of business recovery in late 2021 and early 2022, potential impairment reviews will be considered at the appropriate time in future.

While there is, therefore, substantial uncertainty over the pandemic recovery profile of the EBCL business with regard to the timing of reopening of stores and the recovery of customer volume, the directors consider the solvency and liquidity risks associated with the current loss making position to be fully mitigated by the ongoing financial support of Business Trading Company W.L.L.

Brexit

In addition to general economic uncertainty over future levels of consumer demand and supply side issues, discussed further below, the long term impact on the Group of the Brexit process and the UK's withdrawal from the European Union, is currently unclear. In particular, there is uncertainty over the extent to which purchasing and import costs may increase as a result of Brexit; and the long term implications for the labour market, particularly in London. The impact of Brexit on the value of Sterling in particular, could affect many of the above factors negatively or positively, and also have a bearing on future interest rate policy of the Bank of England.

Market and economic risks

EBCL operates in the UK food and beverage retail market, and is subject to the full range of market and economic risks and uncertainties, including specific risks associated with underlying consumer spending trends and cycles. In particular, the Directors note the following market risks and uncertainties relevant to the Group.

Labour cost pressures and the regulatory burden of the UK market continue to build. Notable examples of increasing costs include continuing increases to the National Living Wage, auto-enrolment pension contributions, and the Apprenticeship Levy.

The high level of overall competition for customers, staff and property opportunities in the UK food and beverage market. In particular, securing new, and extending existing property lease agreements on acceptable commercial terms is key for the business to continue to grow and be profitable in the future.

The Company is fully funded by a series of shareholders loans.

Development and performance

EBCL, trading as Euphorium, increased its portfolio of managed stores from 5 a year ago to 6 currently, with one new opening in West Hampstead.

While new opportunities for growth and expansion are emerging, the directors continue to cautiously assess substantial further business development activity pending resolution of the pandemic and return to business as usual activity.

EUPHORIUM BAKERY COMPANY LIMITED

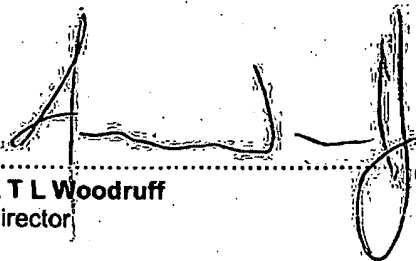
**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 JANUARY 2021**

Financial key performance indicators

The statement of comprehensive income is set out on page 11 and shows the loss for the period of £966,867 (period ending 26 January 2020 - loss £1,329,213).

Revenue from continuing operations for the period was £1,297,961 (period ending 26 January 2020 - £2,296,988).

This report was approved by the board on 13 October 2021 and signed on its behalf.



A T L Woodruff
Director

EUPHORIUM BAKERY COMPANY LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 JANUARY 2021

The directors present their report and the financial statements for the period ended 31 January 2021.

Future developments

While all business development is currently on hold during the lockdown, pending resolution of the pandemic and return to business as usual activity, when conditions allow it the directors intend to continue with investment in new Euphorium stores through origination of new operated site opportunities.

More generally, the directors continue to monitor all opportunities to develop and grow the company, including further potential corporate transactions.

Results and dividends

The loss for the period, after taxation, amounted to £966,867 (2020 - loss £1,329,213).

No dividends will be distributed for the period ended 31 January 2021 (2020: £Nil).

Directors

The directors who served during the period were:

C C J Copner
A T L Woodruff
I A Malik

Research and development activities

EBCL has food innovation and product development resource based at the CPU of its sister company, SCSL, in Cheltenham, which now produces product for sale at Euphorium stores. The directors seek continually to refresh and update the bakery, patisserie and savoury menu in Euphorium stores.

Equal opportunities

EBCL is committed to employment policies, procedures and practices that do not discriminate unfairly or unlawfully against anyone, and which promote equality of opportunities for all.

EBCL's commitments are as follows:

- Selecting and interviewing all applicants who meet the minimum criteria for a job vacancy and consider them on their ability to do the job.
- Providing equal opportunities and positive encouragement to disabled employees for training, career development and promotion. Use BTC Hospitality's performance management process to encourage discussion and help them develop and use their abilities at work.
- Consulting disabled employees regularly and support newly disabled employees with the appropriate rehabilitation, training and adaption of working practices and premises.
- Making reasonable adjustments to adapt premises, modify equipment, and provide special aides and re-design jobs. This means looking at every possibility within the terms of reasonable adjustments, from being creative in re-designing the job, asking for special help from various supporting organisations and being able to apply for grants if needed.
- Making every effort to ensure that employees stay with us if they become disabled.
- Reviewing our commitments annually to see what has been achieved and how they can be improved.

EUPHORIUM BAKERY COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 JANUARY 2021

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) in conformity with the requirements of the Companies Act 2006.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Randall & Payne LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 13 October 2021 and signed on its behalf.


A T L Woodruff
Director

EUPHORIUM BAKERY COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EUPHORIUM BAKERY COMPANY LIMITED

Opinion

We have audited the financial statements of Euphorium Bakery Company Limited for the period ended 31 January 2021 which comprise the Statement of Profit or Loss, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies set out on pages 16 - 18. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2021 and of its loss for the period then ended;
- have been properly prepared in accordance with IFRSs in conformity with the requirements of the Companies Act 2006; 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

EUPHORIUM BAKERY COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EUPHORIUM BAKERY COMPANY LIMITED (CONTINUED)

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

EUPHORIUM BAKERY COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EUPHORIUM BAKERY COMPANY LIMITED (CONTINUED)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- we obtained an understanding of the legal and regulatory frameworks that are applicable to the Company. These include but are not limited to compliance with the Companies Act 2006, IFRS and tax legislation;
- we agreed the financial statement disclosures to supporting documentation;
- we made enquiries of management; and
- we reviewed board minutes throughout the year.

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 auditors' report.



.....
Ryan Moore, CA (Senior Statutory Auditor)

for and on behalf of
Randall & Payne LLP
Chargrove House
Shurdington Road
Cheltenham
Gloucestershire
GL51 4GA

Date: 13 October 2021

EUPHORIUM BAKERY COMPANY LIMITED

**STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 31 JANUARY 2021**

	Note	2021 £	2020 £
Revenue	9	1,297,961	2,296,988
Cost of sales		(382,136)	(774,146)
Gross profit		915,825	1,522,842
Other operating income	10	382,672	-
Administrative expenses		(1,851,131)	(2,480,333)
Loss from operations	7	(552,634)	(957,491)
Finance income	6	437	-
Finance expense	6	(414,670)	(371,722)
Loss before tax		(966,867)	(1,329,213)
Income tax		-	-
Loss for the period		(966,867)	(1,329,213)

EUPHORIUM BAKERY COMPANY LIMITED

**STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 JANUARY 2021**

	2021	2020
	£	£
Loss for the period	(966,867)	(1,329,213)
Total comprehensive income	<u>(966,867)</u>	<u>(1,329,213)</u>

EUPHORIUM BAKERY COMPANY LIMITED
REGISTERED NUMBER: 10355356

STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2021

	Note	31 January 2021 £	26 January 2020 £
Assets			
Non-current assets			
Property, plant and equipment	12	3,429,559	3,589,547
		<u>3,429,559</u>	<u>3,589,547</u>
Current assets			
Inventories	13	16,866	13,479
Trade and other receivables	14	208,527	314,044
Cash and cash equivalents	15	46,230	52,064
		<u>271,623</u>	<u>379,587</u>
Total assets		<u>3,701,182</u>	<u>3,969,134</u>
Liabilities			
Non-current liabilities			
Trade and other liabilities	18	6,663,745	6,076,368
Loans and borrowings	19	2,166,834	2,203,719
		<u>8,830,579</u>	<u>8,280,087</u>
Current liabilities			
Trade and other liabilities	18	1,290,728	1,142,305
		<u>1,290,728</u>	<u>1,142,305</u>
Total liabilities		<u>10,121,307</u>	<u>9,422,392</u>
Net liabilities		<u>(6,420,125)</u>	<u>(5,453,258)</u>
Issued capital and reserves			
Share capital	16	100	100
Retained earnings	17	(6,420,225)	(5,453,358)
TOTAL EQUITY		<u>(6,420,125)</u>	<u>(5,453,258)</u>

The financial statements on pages 11 to 26 were approved and authorised for issue by the board of directors on 13 October 2021 and were signed on its behalf by:


I A Malik
 Director

EUPHORIUM BAKERY COMPANY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 JANUARY 2021**

	Share capital	Retained earnings	Total equity
	£	£	£
At 28 January 2019	100	(4,124,145)	(4,124,045)
Comprehensive Income for the period			
Loss for the period	-	(1,329,213)	(1,329,213)
Total comprehensive income for the period	-	(1,329,213)	(1,329,213)
Contributions by and distributions to owners			
At 26 January 2020	100	(5,453,358)	(5,453,258)
Comprehensive income for the period			
Loss for the period	-	(966,867)	(966,867)
Total comprehensive income for the period	-	(966,867)	(966,867)
Contributions by and distributions to owners			
At 31 January 2021	100	(6,420,225)	(6,420,125)

EUPHORIUM BAKERY COMPANY LIMITED

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 JANUARY 2021

	31 January 2021 £	26 January 2020 £
Cash flows from operating activities		
Loss for the period	(966,867)	(1,329,213)
Adjustments for		
Depreciation of property, plant and equipment	569,475	555,588
Finance expense	414,234	371,722
Profit on disposal of fixed assets	1,610	-
	<u>18,452</u>	<u>(401,903)</u>
Movements in working capital:		
Decrease/(increase) in trade and other receivables	105,517	125,434
(Increase)/Decrease in inventories	(3,386)	22,191
(Decrease)/increase in trade and other payables	(152,742)	(156,290)
Cash generated from operations	<u>(32,159)</u>	<u>(410,568)</u>
Interest element of HP payments paid	85	-
Net cash used in operating activities	<u>(32,074)</u>	<u>(410,568)</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(236,278)	(791,884)
Sale of tangible fixed assets	7,018	-
Net cash from/(used in) investing activities	<u>(229,260)</u>	<u>(791,884)</u>
Cash flows from financing activities		
New loans received in year	255,500	1,201,000
Movement in provisions	-	(19,980)
Net cash from financing activities	<u>255,500</u>	<u>1,181,020</u>
Net cash decrease in cash and cash equivalents	<u>(5,834)</u>	<u>(21,432)</u>
Cash and cash equivalents at the beginning of period	52,064	73,496
Cash and cash equivalents at the end of the period	<u>46,230</u>	<u>52,064</u>

EUPHORIUM BAKERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 2021

1. Statutory information

Euphorium Bakery Company Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. Functional and presentation currency

The Company's functional currency is pound sterling. This differs from the presentational currency which is pound sterling. All amounts have been rounded to the nearest pound, unless otherwise indicated.

3. Accounting policies

3.1 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectation of future events. Future events may differ from those estimates and judgements.

3.2 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Short-term leasehold property	20% on cost, 10% on cost and over the remaining life of the lease
Plant and machinery	20% on cost, 15% on cost and straight line over 10 years
Fixtures and fittings	20% on cost, 15% on cost and 10% on cost
Computer equipment	33.33% on cost

3.3 Inventories

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

3.4 Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

EUPHORIUM BAKERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 2021

3. Accounting policies (continued)

3.5 Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the statement of financial position. 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 the income statement over the relevant period. The capital element of the future payments is treated as a liability.

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate (5%).

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives.

The lease liability is included in the 'Loans and borrowings' line in the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company has elected not to assess whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Property, Plant and Equipment' and 'Investment Property' lines, as applicable, in the Statement of Financial Position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 3.2.

EUPHORIUM BAKERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 2021

3. Accounting policies (continued)

3.6 Employee benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

3.7 Going concern

Having assessed the forecast profit and loss and cash flow performance of the business over the short, medium and long term with the directors, the shareholders have confirmed their continuing support for the business to enable the group to meet its liabilities as they fall due for the foreseeable future. The Company has no senior secured lending facility or banking covenants with which to comply, and therefore remains wholly reliant on shareholder funding to safeguard its future.

The Company's activities, together with the factors that could affect its future development and performance, are set out in the Strategic and Directors' Reports, including detailed consideration of the dynamic challenges presented by the pandemic, and the response of the UK government to it.

After making enquiries and taking into account the support of the shareholders and ultimate beneficial owners, the directors have a reasonable expectation that the Company can meet its liabilities as they fall due for a period of at least 12 months from the date on which these financial statements are approved. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

4. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

4.1 Changes in accounting policies

The company has adopted the IFRS16 accounting standard since 1 February 2019. There have been no further changes to the company's accounting policies during the year ended 31 January 2021. The directors are also not aware of any standards or interpretations issued by the IASB but not yet applicable, that will have a significant impact on the financial statements when they are applied.

5. Employee benefit expenses

	2021 £	2020 £
Employee benefit expenses (including directors) comprise:		
Wages and salaries	927,761	1,128,526
Defined contribution pension cost	11,793	19,278
Social security contributions and similar taxes	51,832	84,727
	<u>992,386</u>	<u>1,232,531</u>

During the year, the company received £237,376 from HMRC towards wage costs through Coronavirus Job Retention Scheme.

EUPHORIUM BAKERY COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2021**

5. Employee benefit expenses (continued)

31 January 2021	26 January 2020
£	£

The average number of employees during the period was as follows: 46 59

No directors received remuneration during the year (2020: £Nil).

6. Finance income and expense

Recognised in profit or loss

	2021 £	2020 £
Interest on Bank deposits	437	-
Total interest income arising from financial assets measured at amortised cost or FVOCI	<u>437</u>	<u>-</u>
Total finance income	<u>437</u>	<u>-</u>
Finance expense		
Interest on lease liabilities	101,398	-
BTC group loan interest	313,272	371,722
Total finance expense	<u>414,670</u>	<u>371,722</u>
Net finance expense recognised in profit or loss	<u>(414,233)</u>	<u>(371,722)</u>

7. Loss before income tax

	31 January 2021 £	26 January 2020 £
The loss before income tax is stated after charging:		
Cost of inventories recognised as expense	384,133	785,382
Other operating leases	14,515	84,032
Depreciation - owned assets/leased assets under IFRS 16	569,475	555,588
Profit on disposal of fixed assets	1,611	-
Auditors' remuneration	<u>6,375</u>	<u>6,260</u>

EUPHORIUM BAKERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 2021

8. Auditors' remuneration

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.

9. Revenue

The following is an analysis of the Company's revenue for the period from continuing operations:

	2021 £	2020 £
Sale of goods	1,295,957	2,292,929
Rebates	2,004	4,059
	<u>1,297,961</u>	<u>2,296,988</u>

10. Other operating income

	2021 £	2020 £
Hospitality and Local Restrictions Support Grants	145,296	-
Coronavirus Job Retention Scheme	237,376	-
	<u>382,672</u>	<u>-</u>

Other operating income arises from the financial support received by the Group to mitigate the impact of Covid 19.

The business has received LRSG grants from local councils, and has claimed for furlough support entitlements under the Coronavirus Job Retention Scheme.

This is not considered to be part of its main revenue generating activities, so the Group presents this income separately from revenue.

11. Tax expense

No liability to UK corporation tax arose for the period ended 31 January 2021 nor for the period ended 26 January 2020.

The company has losses available to carry forward and offset against future profits of £4,633,048 (2020: £4,234,465).

EUPHORIUM BAKERY COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2021**

12. Property, plant and equipment

	Short-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
At 28 January 2019	658,692	288,717	145,241	-	1,092,650
Additions	3,073,973	114,488	64,557	447	3,253,465
At 26 January 2020	3,732,665	403,205	209,798	447	4,346,116
Additions	325,302	28,964	35,132	17,860	407,258
At 31 January 2021	4,057,968	432,169	244,930	18,307	4,753,374
	Short-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Accumulated depreciation and impairment					
At 28 January 2019	86,875	85,766	28,340	-	200,981
Charge owned for the period	140,444	100,806	30,169	-	271,419
Charged financed for the period	284,170	-	-	-	284,170
At 26 January 2020	511,489	186,572	58,509	-	756,569
Charge owned for the period	138,105	65,592	27,360	4,028	235,085
Charged financed for the period	332,160	-	-	-	332,160
At 31 January 2021	981,754	252,164	85,869	4,028	1,323,815

EUPHORIUM BAKERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 2021

12. Property, plant and equipment (continued)

Net book value

At 26 January 2020	3,221,176	216,633	151,289	447	3,589,547
At 31 January 2021	<u>3,076,214</u>	<u>180,005</u>	<u>159,061</u>	<u>14,279</u>	<u>3,429,559</u>

12.1. Assets held under leases

The net book value of owned and leased assets included as "Property, plant and equipment" in the Statement of Financial Position is as follows:

	31 January 2021 £	26 January 2020 £
Property, plant and equipment owned	1,402,470	1,412,136
Right-of-use assets, excluding investment property	2,027,089	2,177,411
	<u>3,429,559</u>	<u>3,589,547</u>

The right-of-use assets are 6 leased stores and head office facilities in the portfolio of Euphorium Bakery Company Limited.

Information about right-of-use assets is summarised below:

Net book value

	31 January 2021 £	26 January 2020 £
Property	2,027,089	2,177,411
	<u>2,027,089</u>	<u>2,177,411</u>

Depreciation charge for the period ended

	31 January 2021 £	26 January 2020 £
Property	332,160	284,170
	<u>332,160</u>	<u>284,170</u>

Additions to right-of-use assets

	31 January 2021 £	26 January 2020 £
Additions to right-of-use assets	<u>181,838</u>	-

EUPHORIUM BAKERY COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2021**

13. Inventories

	31 January 2021 £	26 January 2020 £
Stocks	16,866	13,479
	<u>16,866</u>	<u>13,479</u>

14. Trade and other receivables

	31 January 2021 £	26 January 2020 £
Trade receivables	6,483	7,634
Trade receivables - net	<u>6,483</u>	<u>7,634</u>
Receivables from related parties	43,860	43,860
Total financial assets other than cash and cash equivalents classified as loans and receivables	<u>50,343</u>	<u>51,494</u>
Prepayments and accrued income	49,640	100,862
Grants receivable	27,179	-
Other receivables	81,365	161,687
Total trade and other receivables	<u>208,527</u>	<u>314,044</u>
Total current portion	<u>208,527</u>	<u>314,044</u>

15. Cash and cash equivalents

	31 January 2021 £	26 January 2020 £
Cash at bank available on demand	46,141	46,883
Cash on hand	89	5,181
Cash and cash equivalents in the statement of financial position	<u>46,230</u>	<u>52,064</u>
Cash and cash equivalents in the statement of cash flows	<u>46,230</u>	<u>52,064</u>

EUPHORIUM BAKERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 2021

16. Share capital

Authorised, issued and fully paid

	31 January 2021 Number	31 January 2021 £	26 January 2020 Number	26 January 2020 £
Shares treated as equity				
Ordinary shares of £1.00 each	100	100	100	100
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Shares rank equally for voting and dividend purposes. Members will have one vote per share held.

17. Reserves

	31 January 2021 £	26 January 2020 £
Retained earnings	<u>(6,420,225)</u>	<u>(5,453,358)</u>

EUPHORIUM BAKERY COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2021**

18. Trade and other payables

	31 January 2021 £	26 January 2020 £
Trade payables	362,102	210,938
Payables to related parties	7,404,561	6,776,659
Other payables	21,676	74,843
Accruals	99,138	91,768
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	7,887,477	7,154,208
Other payables - tax and social security payments	66,996	64,465
Total trade and other payables	7,954,473	7,218,673
Less: current portion - trade payables	(362,102)	(210,938)
Less: current portion - payables to related parties	(759,771)	(700,291)
Less: current portion - other payables	(69,717)	(139,308)
Less: current portion - accruals	(99,138)	(91,768)
Total current portion	(1,290,728)	(1,142,305)
Total non-current position	6,663,745	6,076,368

19. Leases

(i) Leases as a lessee

The company's leases relate to 6 leased stores and head office facilities in the portfolio of Euphorium Bakery Company Limited.

Lease liabilities are due as follows:

	31 January 2021 £	26 January 2020 £
Contractual undiscounted cash flows due		
Between one year and five years	2,166,834	2,203,718
	2,166,834	2,203,718

EUPHORIUM BAKERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 2021

19. Leases (continued)

Lease liabilities included in the Statement of Financial Position at 31 January

2,166,834 2,203,718

Non-current

2,166,834 2,203,718

The following amounts in respect of leases have been recognised in profit or loss:

	2021 £	2020 £
Interest expense on lease liabilities	<u>101,398</u>	<u>106,042</u>

20. Ultimate parent company

The ultimate controlling party is Business Trading Company W.L.L., a company registered in Qatar.

The immediate parent company is BTC Hospitality Investments Limited, a company incorporated in England is the smallest group in which the results of the Company are consolidated. Copies of these financial statements are available from its registered office, 12 Devereux Court, London WC2R 3JJ.

21. Related party transactions

BTC Hospitality Investments Limited

The company has received a loan from BTC Hospitality Investments Limited of £5,418,706 (2020: £5,030,067). Interest has been charged on this balance, and there are no set repayment terms. The loan will not be called upon within 12 months of the balance sheet date and has been classified as a non-current liability.

The company also owes BTC Hospitality Investments Limited £309,353 (2020: £21,023) constituting cost recharges between group companies.

Soho Coffee Shops Limited

The company has a loan due to Soho Coffee Shops Limited of £1,226,084 (2020: £1,473,008). Interest has been charged on this balance, and there are no set repayment terms. The loan will not be called upon within 12 months of the balance sheet date and has been classified as a non-current liability.

The company also owes Soho Coffee Shops Limited £176,833 (2020: £252,562) constituting cost recharges between group companies.

Apostrophe Restaurants Limited

The company is owed £43,860 (2020: £43,860) by Apostrophe Restaurants Limited constituting cost recharges between group companies.

22. Year end date

The company has taken advantage of the 'seven day rule' which allows companies to prepare accounts up to 7 days either side of the Accounting Reference Date. The company has chosen to prepare its accounts up to 31 January 2021.