

Company registration number 12812342 (England and Wales)

GRIND HOLDINGS LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2022

GRIND HOLDINGS LTD

COMPANY INFORMATION

Directors	Mr D W Abrahamovitch	
	Mr D Sherfield	
	Mr J A C Ayton	
	Mr T Bunting	(Appointed 1 November 2021)
	Mr J Reeve	(Appointed 1 November 2021)
	Mr E Robinson	(Appointed 1 November 2021)

Company number	12812342
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Registered office	8-10 New North Place
	Shoreditch
	London
	United Kingdom
	EC2A 4JA

Auditor	Azets Audit Services
	24 Park Road South
	Havant
	Hampshire
	United Kingdom
	PO9 1HB

GRIND HOLDINGS LTD

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GRIND HOLDINGS LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2022

The directors present the strategic report for the year ended 30 April 2022.

Fair review of the business

The Group operates thirteen cafés, coffee shops and trucks in London from its trading subsidiary Grind & Co Ltd, and the retail and wholesale of coffee and coffee products from its trading subsidiary Grind Coffee Roasters Ltd. During the period the group did not open any new permanent Highstreet locations.

The Highstreet has bounced back well from the pandemic, posting annual sales of £8.3m compared with £2.1m in the heavily COVID19 impacted year before. Our larger café sites (representing over 80% of Highstreet sales) are back trading at pre-pandemic levels, however our smaller coffee shops in the city continue to see slower footfall with increased work from home. The business also suffered from the de-facto lockdown in December 2021 and January 2022, which curtailed trade at a key point in the year for the Highstreet business.

Grind Trucks have been a real success in the last twelve months, and post year end we have opened locations in Battersea Power Station and Bicester Village. We will continue to look for opportunities to position trucks and open new permanent locations.

Grind Coffee Roasters sales grew 41% to £8.7m driven by continued growth in online sales and an increasing portfolio of wholesale, supermarket, office and hotel customers.

More than 200,000 customers have now tried Grind at Home via our website, shipping from our distribution centres in the UK and our recently added distribution capability in the EU and USA. International distribution means we can now reach over 800m customers across the UK, EU and US via ground shipping in just a few days. Our US and EU websites have soft-launched, and we are receiving orders and adding subscribers daily.

In addition, we've launched Grind at Work - a secondary subscription product catering for the needs offices and other B2B customers with greater pricing flexibility. With businesses returning to the office, looking for greater incentives for their team to return and under increasing pressure to evidence their commitment to sustainability, we see this as a big opportunity.

Towards the end of the financial year, we upgraded our coffee pods and launched the UK's first certified home compostable coffee pods, as well as adding a new blend to our permanent range (Long Blend) and introducing 'Grind Editions'; two seasonal single origin coffee pods. We also improved the blends and grinds of the existing pods in response to customer feedback, and since this we have seen improvements in customer retention and re-ordering rates. We have further expansion of the coffee pod range planned for the next financial year, as we seek to meet the tastes of a broader and international pod drinking customer.

Principal risks and uncertainties

As with any business in a consumer facing industry, it is vulnerable to certain risks which may impact on consumer confidence and the cost of running the business. The directors and management team regularly review these risks to ensure they continue to be managed effectively.

Inflationary pressures continue to impact staff costs and supply prices. The company continues to review all costs to the business and undertake supplier negotiations in order to mitigate these pressures.

There is little credit risk in the company as the majority of customers on the Highstreet and online pay by credit or debit card at point of sale.

The group has bank loans totalling £5.6m at year end that are on variable interest rates between 2.98-3.99% above the base rate, representing a continued exposure to interest rate rises.

Brexit has not had a material impact on the business beyond the indirect inflationary pressures all businesses are currently facing. As the online and wholesale business grows, imports from South America, the EU and China will increase and management is continuing to ensure the most effective routes are used to manage this supply chain. The Group is also looking to hedge the currency exposure this increased international trade creates wherever possible.

GRIND HOLDINGS LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

Key performance indicators

Management utilises a number of qualitative and quantitative indicators to monitor and improve the company's performance. The company considers turnover and EBITDA to be key financial performance indicators.

	2022	2021
	£	£
Turnover	16,893,251	8,242,849
EBITDA	(1,384,778)	(1,343,988)

The above results show the consolidated results for Grind Holdings Ltd, Grind & Co Ltd, Grind Coffee Roasters Ltd and Grind USA Incorporated, following the group reorganisation in September 2020 which placed Grind Holdings Ltd as the ultimate parent company.

On behalf of the board

Mr D W Abrahamovitch
Director

9 December 2022

GRIND HOLDINGS LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2022

The directors present their annual report and financial statements for the year ended 30 April 2022.

Principal activities

The principal activity of the company and group continued to be that of the operation and management of cafes and restaurants.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr D W Abrahamovitch

Mr D J D Ogilvy

(Resigned 24 August 2021)

Mr D Sherfield

Mr J A C Ayton

Mr T Bunting

(Appointed 1 November 2021)

Mr J Reeve

(Appointed 1 November 2021)

Mr E Robinson

(Appointed 1 November 2021)

Auditor

The auditors, Azets Audit Services, will be proposed for re-appointment at the forthcoming annual general meeting.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of review of the business and information material to the Company's strategy and management of financial risk exposure.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

The Group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Company's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. It has done so in respect of review of the business and information material to the Company's strategy and management of financial risk exposure.

On behalf of the board

Mr D W Abrahamovitch

Director

9 December 2022

GRIND HOLDINGS LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 APRIL 2022

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GRIND HOLDINGS LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRIND HOLDINGS LTD

Opinion

We have audited the financial statements of Grind Holdings Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2022 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including 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 the parent company's affairs as at 30 April 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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 group's and parent 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 auditor's 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

GRIND HOLDINGS LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

GRIND HOLDINGS LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF GRIND HOLDINGS LTD

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

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

Mr Richard Hutchinson (Senior Statutory Auditor)
For and behalf of Azets Audit Services

15 December 2022

Chartered Accountants
Statutory Auditor

GRIND HOLDINGS LTD

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2022

	Notes	Year ended 30 April 2022 £	Period ended 30 April 2021 £
Turnover	3	16,893,251	8,242,849
Cost of sales		(7,036,954)	(3,588,994)
Gross profit		9,856,297	4,653,855
Administrative expenses		(13,189,117)	(9,363,777)
Other operating income		197,294	2,311,802
Operating loss	4	(3,135,526)	(2,398,120)
Interest receivable and similar income	8	914	952
Interest payable and similar expenses	9	(220,823)	(150,683)
Loss before taxation		(3,355,435)	(2,547,851)
Tax on loss	10	248,783	388,531
Loss for the financial year		(3,106,652)	(2,159,320)
Loss for the financial year is attributable to:			
- Owners of the parent company		(3,076,585)	(2,154,639)
- Non-controlling interests		(30,067)	(4,681)
		(3,106,652)	(2,159,320)
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		(3,076,585)	(2,154,639)
- Non-controlling interests		(30,067)	(4,681)
		(3,106,652)	(2,159,320)

GRIND HOLDINGS LTD

GROUP BALANCE SHEET

AS AT 30 APRIL 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	11	730,829		604,269	
Tangible assets	12	3,344,879		4,182,674	
		<u>4,075,708</u>		<u>4,786,943</u>	
Current assets					
Stocks	15	3,652,905		1,248,494	
Debtors	16	3,790,478		2,841,421	
Cash at bank and in hand		7,035,413		1,585,991	
		<u>14,478,796</u>		<u>5,675,906</u>	
Creditors: amounts falling due within one year	17	<u>(5,781,210)</u>		<u>(4,212,585)</u>	
Net current assets		<u>8,697,586</u>		<u>1,463,321</u>	
Total assets less current liabilities		<u>12,773,294</u>		<u>6,250,264</u>	
Creditors: amounts falling due after more than one year	18	<u>(3,771,872)</u>		<u>(4,142,193)</u>	
Net assets		<u><u>9,001,422</u></u>		<u><u>2,108,071</u></u>	
Capital and reserves					
Called up share capital	22	47,220		37,983	
Share premium account		9,990,766		-	
Profit and loss reserves		<u>(1,000,474)</u>		<u>2,076,111</u>	
Equity attributable to owners of the parent company		<u>9,037,512</u>		<u>2,114,094</u>	
Non-controlling interests		<u>(36,090)</u>		<u>(6,023)</u>	
		<u><u>9,001,422</u></u>		<u><u>2,108,071</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 9 December 2022 and are signed on its behalf by:

Mr D W Abrahamovitch
Director

GRIND HOLDINGS LTD

COMPANY BALANCE SHEET

AS AT 30 APRIL 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Investments	13		37,984		37,984
Current assets					
Debtors	16	4,339,547		102,688	
Cash at bank and in hand		5,775,686		16,215	
		<u>10,115,233</u>		<u>118,903</u>	
Creditors: amounts falling due within one year	17	<u>(115,233)</u>		<u>(118,904)</u>	
Net current assets/(liabilities)			10,000,000		(1)
Net assets			<u>10,037,984</u>		<u>37,983</u>
Capital and reserves					
Called up share capital	22		47,220		37,983
Share premium account			9,990,764		-
Total equity			<u>10,037,984</u>		<u>37,983</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £0 (2021 - £0 profit).

The financial statements were approved by the board of directors and authorised for issue on 9 December 2022 and are signed on its behalf by:

Mr D W Abrahamovitch
Director

Company Registration No. 12812342

GRIND HOLDINGS LTD

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2022

	Share capital	Share premium account	Profit and loss reserves	Total non-controlling interest	Total
Notes	£	£	£	£	£
Balance at 27 April 2020	37,983	10,182,734	(5,951,984)	4,268,733	(1,342) 4,267,391
Period ended 30 April 2021:					
Loss and total comprehensive income for the period	-	-	(2,154,639)	(2,154,639)	(4,681) (2,159,320)
Other movements	-	(10,182,734)	10,182,734	-	-
Balance at 30 April 2021	37,983	-	2,076,111	2,114,094	(6,023) 2,108,071
Year ended 30 April 2022:					
Loss and total comprehensive income for the year	-	-	(3,076,585)	(3,076,585)	(30,067) (3,106,652)
Issue of share capital	9,237	9,990,765	-	10,000,002	- 10,000,002
Other movements	-	1	-	1	- 1
Balance at 30 April 2022	47,220	9,990,766	(1,000,474)	9,037,512	(36,090) 9,001,422

GRIND HOLDINGS LTD

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2022

		Share capital	Share premium account	Total
	Notes	£	£	£
Balance at 27 April 2020		-	-	-
Period ended 30 April 2021:				
Profit and total comprehensive income for the period		-	-	-
Issue of share capital	22	37,983	-	37,983
Balance at 30 April 2021		37,983	-	37,983
Year ended 30 April 2022:				
Profit and total comprehensive income for the year		-	-	-
Issue of share capital	22	9,237	9,990,764	10,000,001
Balance at 30 April 2022		47,220	9,990,764	10,037,984

GRIND HOLDINGS LTD

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2022

		2022		2021	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash absorbed by operations	27	(3,886,150)		(1,164,811)	
Interest paid		(220,823)		(150,683)	
Income taxes paid		-		(1)	
Net cash outflow from operating activities		<u>(4,106,973)</u>		<u>(1,315,495)</u>	
Investing activities					
Purchase of intangible assets		(254,831)		(106,280)	
Purchase of tangible fixed assets		(559,742)		(731,719)	
Proceeds on disposal of tangible fixed assets		28,000		-	
Receipts arising from loans made		53,186		(12,188)	
Interest received		914		952	
Net cash used in investing activities		<u>(732,473)</u>		<u>(849,235)</u>	
Financing activities					
Proceeds from issue of shares		10,000,002		-	
Proceeds of new bank loans		1,211,947		2,913,004	
Repayment of bank loans		(923,081)		(179,076)	
Net cash generated from financing activities		<u>10,288,868</u>		<u>2,733,928</u>	
Net increase in cash and cash equivalents		<u>5,449,422</u>		<u>569,198</u>	
Cash and cash equivalents at beginning of year		<u>1,585,991</u>		<u>1,016,793</u>	
Cash and cash equivalents at end of year		<u><u>7,035,413</u></u>		<u><u>1,585,991</u></u>	

GRIND HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies

Company information

Grind Holdings Ltd ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 8-10 New North Place, London, United Kingdom, EC2A 4JA.

The group consists of Grind Holdings Ltd and all of its subsidiaries.

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.

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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

A company statement of cash flows has not been prepared as there is no requirement to present this for the company in the consolidated financial statements under FRS 102.

1.2 Business combinations

During the prior period the group underwent a reorganisation which resulted in Grind Holdings Ltd being incorporated on 14 August 2020. The group reorganisation saw Grind Holdings Limited being the new parent of the group following a share for share transfer. The financial statements have been prepared on this basis using merger accounting. The corresponding figures include the results for all combined entities.

The names of the combining entities, other than the reporting entity are; Grind & Co Ltd, Grind Coffee Roasters Limited, Caffeine Machine Ltd, Exmouth Market Grind Ltd, Grind (Broadgate) Limited, Grind (London Bridge) Ltd and Grind USA Inc.

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Grind Holdings Ltd together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates. Group accounts have been consolidated using merger accounting.

All financial statements are made up to 30 April 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

GRIND HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies

(Continued)

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.4 Going concern

The group recorded a loss of £3.1m for the year, having recorded losses in previous years. However, its net current assets remain positive at £8.7m, and it has closing cash reserves of £7.0m. During the year end a substantial £10.0m equity investment was made in the group, giving a significant increase in working capital. Having considered the group's plans, projections, access to funding and scenario modelling, the directors consider that this investment provides more than sufficient working capital to fund the group to continue trading across all sectors and invest in future expansion, despite ongoing challenging market conditions in the hospitality sector. The going concern basis is therefore considered appropriate.

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.6 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.7 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation 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:

Patents & licences	5 years
Development costs	5 years
Lease rights	Over term of the lease

GRIND HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies

(Continued)

1.8 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	10% straight line
Plant and equipment	25% straight line
Computers	25% straight line
Motor vehicles	20% straight line

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 recognised in the profit and loss account.

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

GRIND HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies

(Continued)

1.10 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

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

1.12 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

GRIND HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies

(Continued)

1.13 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, 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.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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 group after deducting all of its liabilities.

GRIND HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.14 Equity instruments

Equity instruments issued by the group 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 group.

1.15 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

GRIND HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies

(Continued)

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 if, and only if, there is 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.

1.16 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.

1.17 Retirement benefits

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

GRIND HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies

(Continued)

1.18 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leased asset are consumed.

1.19 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.20 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 in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

In determining whether a lease meets the definition of a finance lease or operating lease the directors have used their experience to review and consider whether the company has obtained all the risks and rewards of ownership of the asset, what the useful economic life of the asset is, the term of the lease and what the residual value of the asset is expected to be. On the basis of these considerations the directors have determined that all leases meet the definition of operating leases and have been accounted for as such.

Depreciation

The directors use their experience to review and estimate useful economic lives and residual values of all assets, taking into account both standards of maintenance and technical obsolescence. Depreciation policies as noted within the accounting policies are based upon these estimates.

GRIND HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

3 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by class of business		
Sale of goods	16,774,943	8,060,810
Rental income	118,308	182,039
	<u>16,893,251</u>	<u>8,242,849</u>
	2022	2021
	£	£
Other revenue		
Interest income	914	952
Grants received	168,532	2,250,683
	<u>168,532</u>	<u>2,250,683</u>

4 Operating loss

	2022	2021
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange gains	(8,951)	(1,369)
Research and development costs	56,720	7,323
Government grants	(168,532)	(2,250,683)
Depreciation of owned tangible fixed assets	888,634	957,530
Loss on disposal of tangible fixed assets	480,903	-
Amortisation of intangible assets	128,271	96,602
Operating lease charges	1,105,341	523,043
	<u>1,105,341</u>	<u>523,043</u>

5 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	12,500	41,500
Audit of the financial statements of the company's subsidiaries	25,500	-
	<u>38,000</u>	<u>41,500</u>

GRIND HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Directors	5	4	6	4
Admin	8	13	-	1
Direct	187	194	-	-
Total	200	211	6	5

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	4,775,606	3,673,723	542,221	231,584
Social security costs	406,107	281,359	69,755	26,176
Pension costs	70,765	60,253	12,214	4,181
	5,252,478	4,015,335	624,190	261,941

7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	496,804	177,873
Company pension contributions to defined contribution schemes	10,846	1,317
	507,650	179,190

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2021 - 1).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	172,083	116,474
Company pension contributions to defined contribution schemes	3,750	2,694

There are no other key management personnel other than the directors noted above.

GRIND HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

8 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Interest on bank deposits	67	-
Other interest income	847	952
	<u>914</u>	<u>952</u>
Total income	<u>914</u>	<u>952</u>

9 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and loans	206,139	150,596
Interest on finance leases and hire purchase contracts	14,223	-
Other interest	461	87
	<u>220,823</u>	<u>150,683</u>
Total finance costs	<u>220,823</u>	<u>150,683</u>

10 Taxation

	2022	2021
	£	£
Deferred tax		
Origination and reversal of timing differences	(248,783)	(388,531)
	<u>(248,783)</u>	<u>(388,531)</u>

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	£	£
Loss before taxation	<u>(3,355,435)</u>	<u>(2,547,851)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(637,533)	(484,092)
Tax effect of expenses that are not deductible in determining taxable profit	132,802	37,658
Depreciation on assets not qualifying for tax allowances	29,420	45,088
Other non-reversing timing differences	-	12,815
Change in rate	226,528	-
	<u>(248,783)</u>	<u>(388,531)</u>
Taxation credit	<u>(248,783)</u>	<u>(388,531)</u>

GRIND HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

11 Intangible fixed assets

Group	Patents & licences £	Development costs £	Lease rights £	Total £
Cost				
At 1 May 2021	22,875	302,458	499,999	825,332
Additions	-	254,831	-	254,831
At 30 April 2022	22,875	557,289	499,999	1,080,163
Amortisation and impairment				
At 1 May 2021	14,382	99,846	106,835	221,063
Amortisation charged for the year	4,575	78,823	44,873	128,271
At 30 April 2022	18,957	178,669	151,708	349,334
Carrying amount				
At 30 April 2022	3,918	378,620	348,291	730,829
At 30 April 2021	8,493	202,612	393,164	604,269

The company had no intangible fixed assets at 30 April 2022 or 30 April 2021.

Lease rights relate to the acquisition of an unconnected company in the year before last. The acquisition price was £500,000 of which £499,999 has been allocated to intangible assets and £1 to investments. The cost of £499,999 is being written off over the term of the lease.

GRIND HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

12 Tangible fixed assets

Group	Leasehold land and buildings	Plant and equipment	Computers	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 May 2021	4,348,982	2,380,811	252,614	54,500	7,036,907
Additions	100,547	259,643	27,152	172,400	559,742
Disposals	(657,813)	(147,641)	(7,237)	-	(812,691)
At 30 April 2022	3,791,716	2,492,813	272,529	226,900	6,783,958
Depreciation and impairment					
At 1 May 2021	1,350,124	1,303,825	179,028	21,256	2,854,233
Depreciation charged in the year	352,499	478,356	38,417	19,362	888,634
Eliminated in respect of disposals	(196,522)	(102,060)	(5,206)	-	(303,788)
At 30 April 2022	1,506,101	1,680,121	212,239	40,618	3,439,079
Carrying amount					
At 30 April 2022	2,285,615	812,692	60,290	186,282	3,344,879
At 30 April 2021	2,998,858	1,076,986	73,586	33,244	4,182,674

The company had no tangible fixed assets at 30 April 2022 or 30 April 2021.

13 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	14	-	-	37,984	37,984
Movements in fixed asset investments					
Company					Shares in subsidiaries £
Cost or valuation					
At 1 May 2021 and 30 April 2022					37,984
Carrying amount					
At 30 April 2022					37,984
At 30 April 2021					37,984

14 Subsidiaries

Details of the company's subsidiaries at 30 April 2022 are as follows:

GRIND HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

14 Subsidiaries

(Continued)

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Indirect
Grind & Co Limited	UK	Ordinary, A,B,C,CC-A,CC-B,R,S,T	100.00	-
Grind Coffee Roasters Limited	UK	Ordinary	97.50	-
Exmouth Market Grind Limited	UK	Ordinary	0	100.00
Caffeine Machine Limited	UK	Ordinary	0	100.00
Grind (Broadgate) Limited	UK	Ordinary	0	100.00
Grind (London Bridge) Limited	UK	Ordinary	0	100.00
Grind USA Inc	USA	Ordinary	0	100.00

The registered office of all subsidiaries is 8-10 New North Place, London, EC2A 4JA.

15 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Raw materials and consumables	3,652,905	1,248,494	-	-

16 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
Amounts falling due within one year:				
Trade debtors	535,541	424,698	-	64,592
Amounts owed by group undertakings	-	-	4,280,315	-
Other debtors	665,626	466,812	6,986	3,500
Prepayments and accrued income	776,344	369,727	52,246	34,596
	<u>1,977,511</u>	<u>1,261,237</u>	<u>4,339,547</u>	<u>102,688</u>
Amounts falling due after more than one year:				
Other debtors	230,641	246,641	-	-
Deferred tax asset (note 20)	1,582,326	1,333,543	-	-
	<u>1,812,967</u>	<u>1,580,184</u>	<u>-</u>	<u>-</u>
Total debtors	<u>3,790,478</u>	<u>2,841,421</u>	<u>4,339,547</u>	<u>102,688</u>

GRIND HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

17 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	19	1,802,595	1,143,408	-	-
Trade creditors		2,618,981	1,966,553	68,414	55,744
Amounts owed to group undertakings		-	-	-	47,014
Other taxation and social security		358,411	520,308	14,611	11,826
Other creditors		363,924	312,104	18,583	470
Accruals and deferred income		637,299	270,212	13,625	3,850
		<u>5,781,210</u>	<u>4,212,585</u>	<u>115,233</u>	<u>118,904</u>

18 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans and overdrafts	19	<u>3,771,872</u>	<u>4,142,193</u>	<u>-</u>	<u>-</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	<u>30,000</u>	<u>153,334</u>	<u>-</u>	<u>-</u>
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19 Loans and overdrafts

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	<u>5,574,467</u>	<u>5,285,601</u>	<u>-</u>	<u>-</u>
Payable within one year	1,802,595	1,143,408	-	-
Payable after one year	<u>3,771,872</u>	<u>4,142,193</u>	<u>-</u>	<u>-</u>

The bank loans are secured by a fixed and floating charge over the group's assets.

There are three bank loans in place at year end. These are due to mature in August 2024, September 2026 and August 2027. Interest is charged at 2.98%, 3.99% and 3.99% above base rate respectively. No repayments are due for the first 12 months of the last two loans as these relate to CBILs.

GRIND HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2022

20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Assets 2022 £	Assets 2021 £
Group		
Accelerated capital allowances	(411,621)	(369,172)
Tax losses	1,993,947	1,702,715
	<u>1,582,326</u>	<u>1,333,543</u>

The company has no deferred tax assets or liabilities.

	Group 2022 £	Company 2022 £
Movements in the year:		
Asset at 1 May 2021	(1,333,543)	-
Credit to profit or loss	(248,783)	-
Asset at 30 April 2022	<u>(1,582,326)</u>	<u>-</u>

The group has unused tax losses of £11,167,502 (2021 £8,961,656).

21 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>70,765</u>	<u>60,253</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

GRIND HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

22 Share capital

Group and company	2022	2021	2022	2021
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary of 0.1p each	-	14,565,000	-	14,565
Ordinary A of 0.1p each	45,313,322	888,000	45,313	888
Ordinary B of 0.1p each	1,018,589	5,172,000	1,019	5,172
Ordinary C of 0.1p each	-	1,939,000	-	1,939
Ordinary CC-A of 0.1p each	-	6,828,963	-	6,829
Ordinary CC-B of 0.1p each	-	1,055,284	-	1,055
Ordinary R of 0.1p each	-	2,594,000	-	2,594
Ordinary S of 0.1p each	-	3,334,000	-	3,334
Ordinary T of 0.1p each	-	1,607,153	-	1,607
Ordinary A of 0.024269p each	3,658,940	-	888	-
	<u>49,990,851</u>	<u>37,983,400</u>	<u>47,220</u>	<u>37,983</u>

During the year there has been 9,236,511 Ordinary A shares of £0.001 issued at £1.08266 per share. Also, 888,000 issued Ordinary A shares has been subdivided into and redesignated as 3,658,940 Ordinary A shares of £0.00024269 each. The existing CC-A shares, B shares, C shares, R shares, S shares and T shares of £0.001 were redesignated as Ordinary A shares of £0.001. CC-B shares of £0.001 were redesignated as Ordinary B shares.

Ordinary A shares rank equally for voting purposes. On a show of hands, each member shall have one vote and on a poll each member shall have one vote per share held. Each share ranks equally for any dividend declared and on distribution rights on winding up. B shares do not have voting rights or pre-emption rights on new issues of shares.

23 Operating lease commitments

Lessee

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

	Group	2021	Company	2021
	2022		2022	
	£	£	£	£
Within one year	1,254,916	1,133,436	-	-
Between two and five years	4,373,968	4,816,367	-	-
In over five years	5,682,782	6,647,097	-	-
	<u>11,311,666</u>	<u>12,596,900</u>	<u>-</u>	<u>-</u>

GRIND HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

23 Operating lease commitments

(Continued)

Lessor

The operating leases represent short term leases in relation to spare office space that the group rent.

At the reporting end date the group had contracted with tenants for the following minimum lease payments:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Within one year	191,333	185,500	-	-
Between two and five years	42,500	225,083	-	-
	<u>233,833</u>	<u>410,583</u>	<u>-</u>	<u>-</u>

During the period the group benefited from temporary rent concessions occurring as a direct consequence of the Covid-19 pandemic. The result of this was a deduction in the P&L charge of £62,183 (£241,867)

24 Related party transactions

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Sales 2022 £	Sales 2021 £	Purchases 2022 £	Purchases 2021 £
Group				
Entities that provide key management personnel services to the group	-	-	52,581	76,333
	<u>-</u>	<u>-</u>	<u>52,581</u>	<u>76,333</u>
Company				
Entities over which the company has control, joint control or significant influence	69,143	214,974	-	-
Entities that provide key management personnel services to the group	-	-	52,581	53,000
	<u>-</u>	<u>-</u>	<u>52,581</u>	<u>53,000</u>

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2022 £	2021 £
Group		
Entities that provide key management personnel services to the group	24,000	21,000
	<u>24,000</u>	<u>21,000</u>
Company		
Entities that provide key management personnel services to the group	24,000	21,000
	<u>24,000</u>	<u>21,000</u>

GRIND HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

24 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

Amounts due from related parties

	2022 Balance £	2021 Balance £
Company		
Entities with control, joint control or significant influence over the company	3,631,887	64,592

25 Directors' transactions

Description	% Rate	Opening balance £	Interest charged £	Amounts repaid £	Closing balance £
Director	2.25	53,954	765	(53,000)	1,719
		53,954	765	(53,000)	1,719

26 Controlling party

The directors consider there to be no one single controlling party.

27 Cash absorbed by group operations

	2022 £	2021 £
Loss for the year after tax	(3,106,652)	(2,159,320)
Adjustments for:		
Taxation credited	(248,783)	(388,531)
Finance costs	220,823	150,683
Investment income	(914)	(952)
Loss on disposal of tangible fixed assets	480,903	20,400
Amortisation and impairment of intangible assets	128,271	96,602
Depreciation and impairment of tangible fixed assets	888,634	957,530
Movements in working capital:		
Increase in stocks	(2,404,411)	(493,046)
(Increase)/decrease in debtors	(584,385)	40,783
Increase in creditors	740,364	611,040
Cash absorbed by operations	(3,886,150)	(1,164,811)

GRIND HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

28 Analysis of changes in net funds/(debt) - group

	1 May 2021	Cash flows	30 April 2022
	£	£	£
Cash at bank and in hand	1,585,991	5,449,422	7,035,413
Borrowings excluding overdrafts	(5,285,601)	(288,866)	(5,574,467)
	<u>(3,699,610)</u>	<u>5,160,556</u>	<u>1,460,946</u>

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.