

Company Registration No. 04613313 (England and Wales)



GABF HOLDINGS LIMITED
DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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COMPANY INFORMATION

Directors	C. Biasoni D.S. Cheeseman G. Cremonini A Ghirarduzzi
Secretary	A. Ghirarduzzi
Company number	04613313
Registered Office	90A Tooley Street London SE1 2TH
Auditors	BDO LLP 55 Baker Street London W1U 7EU
Business address	90A Tooley Street London SE1 2TH

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

Principal activities

The principal activity of the company is that of a holding company.

The company is the holding entity of the Great American Bagel Factory Group and it is fully owned by Chef Express UK Limited, subsidiary of the Cremonini Group. The Cremonini Group is one of the largest food operators in Europe with a turnover of more than € 4 billion. Its strong links with on-board train catering, railway stations, motorway and commercial catering, means they are perfectly positioned to grow Bagel Factory further.

Market overview and key events

During the financial year ended 31 December 2019, the business has continued to perform below expectation in terms of sales and profit due to difficult market conditions, reduction in consumer confidence around Brexit and continuous impact of station closures and industrial action by train operators. The company has tried to minimise these adverse factors with a strategic focus on the core activities and products. The Group have also carried out a restructuring of the business operations and central functions in order to enhance efficiency and cost control.

The focus has been on the closure of the loss making sites, the rationalization of the product offer and opening of new sites in key areas with higher footfall. The plan is to continue refurbishing the existing sites and improve sales and product range. The opening of new sites is also considered as part of the current strategy of the group. New products have also been launched and the existing offer has been rationalised to meet customers' request.

The performances of the Company's subsidiaries are disclosed and detailed in their respective Financial Statements for the financial year ended 31 December 2019.

The subsidiaries operations and activities have been significantly impacted by the Covid-19 pandemic outbreaks. This is treated as a post balance sheet event and it is considered as a non-adjusting event because, at the Balance Sheet date 31 December 2019, the virus was not reported by the World Health Organisation. The Great American Bagel Factory Group activities have been significantly reduced in the financial year 2020 and the virus is to have an important impact in their final financial performance of 2020. Details concerning the impact of the Covid-19 pandemic outbreak have been disclosed in the subsidiaries financial statements.

The Company's subsidiaries have taken precise measures to tackle the impact of the pandemic outbreaks and these are disclosed in their financial statements. Uncertainty around the ending of the coronavirus pandemic means it is difficult to give meaningful guidance for the performance in the years ahead. This situation indicates that there is a material uncertainty which may cast doubt in respect of the ability of the company and its subsidiaries to continue as a going concern. Refer to note 1 for further information of the impact of Covid19 on the ability of the company to continue as a going concern.

Results for the year

Profit after taxation for the financial year amounted to £47,431 (2018: profit of 50,370).

The main source of income is the trademark revenue charged to the Italian parent company, Chef Express S.p.A. and it has maintained positive level throughout 2019.

Key performance indicators

The revenue and the profit are the key performance indicators of the company and its subsidiaries.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

Section 172 Statement

The Board of directors of GABF Holdings Limited consider, both individually and together, that they have acted in the way they consider good faith and promote the success of the company for the benefit of its members as a whole.

The Company is not required to adopt an official recognised corporate governance code. However, the Board of Directors have introduced an internal corporate governments code which establish rules and guidelines for strategic, commercial, financial, legal and employment matters. These duties are detailed in this section 172 of the UK Companies Act 2006 which is summarise below:

- **Risk Management**

The company subsidiaries provide business critical services for their clients in a highly regulated environment. It is therefore vital that the company effectively identify, evaluate, manage and mitigate the risks the business faces, and the company continues to evolve its approach to its risk management.

- **Business Relationship**

The Company's subsidiaries strategy is focused on delivering excellent customer service and on selling high quality standard products to their clients putting at their centre the development of strong customer relationships. The Company also values all of its suppliers as they are key in enabling the Company to deliver its strategy. The company has long term contracts with its key suppliers.

- **Community and environment**

The Company's approach is to use its position of strength to create positive changes for the people and the communities with which the Company interact. The Company is committed to embrace the safeguard of the environment and its subsidiaries have introduced a series of initiatives to reduce carbon footprint and the usage of plastic in their activities.

- **Shareholders**

The Executive team and the Board of Directors are openly engaged with the Company shareholders as they recognise the importance of continuing an effective dialogue with the ultimate Parent Company, Cremonini S.p.A. and its shareholders. The shareholders are actively engaged in the Company affairs with their representatives being members of the Board of Directors. They support the Company and its subsidiaries by helping to deliver its key objectives and strengthening the position of the competitive markets through the sharing of human resources and expertise.

Principal risks and uncertainties***Going concern risk***

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in this report. The success of the company is dependent on the activities of the subsidiary companies: The Great American Bagel Factory and Bagel Nash Retail. The budget for 2020 approved for each respective subsidiary indicated that the company was expected to see improvement in the subsidiaries performance and to maintain the same level of income from trademarks. However, following the Covid-19 outbreak and its financial impact, the directors have reviewed the forecast for the profit and loss account and for the cash flows of the Company and they are expecting the trademarks, their only source income, to be lower than the previous years but still at a positive level generating sufficient cash inflows.

At the period end the company had net current liabilities of £347,483 (2018: £394,913).

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

Going concern risk (continued)

The company is reliant on its ultimate parent company Cremonini S.p.A. for financial support. The directors of Cremonini S.p.A. have confirmed that it is their intention to make resources available as necessary for the company to remain a going concern for at least 12 months from the date of signing the balance sheet. Having given consideration to the confirmation of support from the company's ultimate parent company, the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

The company is dependent on its own trademark income as well as dividends and receipt of intercompany receivables from its subsidiaries in order to meet its liabilities as they fall due.

There is a material uncertainty as to when the operations of the company's subsidiaries will return to normal level of income following the impact of the Coronavirus pandemic and consequently there is material uncertainty as to when the company's subsidiaries might be in a position to repay their debts to the company or pay dividends. Whilst the ultimate parent company has confirmed its intention not to call the amount that the company owes until such a time that the company is in a position to make such a repayment, should a repayment be required and should the activities of the subsidiaries not recommence when forecast, alternative financial support may be required for the company to continue as a going concern. These conditions indicate that there is a material uncertainty which may cast doubt in respect of the ability of the company to continue as a going concern.

By order of the board,



David Cheeseman

Director

Date 19 February 2021

**IRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

Directors' and their interest

The directors who served during the year and up to the date of this report were as follows:

C. Biasoni
F. Croce-Sebastiani (resigned 10/01/2019)
D. S. Cheeseman
G. Cremonini (appointed 15/05/2019)
A. Ghirarduzzi
G. Rankin (appointed 15/05/2019 and resigned 31/10/2019)

None of the directors hold any interest in the company.

Ownerships

The company is 100% controlled by Chef Express UK Limited, subsidiary of the Cremonini Group. The Cremonini Group is one of the largest food operators in Europe with a turnover of more than €3 billion. Its strong links with on-board train catering, railway stations, motorway and commercial catering, means they are perfectly positioned to grow the Bagel Factory business further.

Directors' insurance and indemnities

The Company has entered into qualifying third party indemnity arrangements for the benefit of all its Directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the year and remain in force.

Principal financial risk and uncertainty

The company financial risks are associated with the subsidiaries activities, The Great American Bagel Factory and Oil Bagel Trading Limited. These risks are not exceptional or different in nature from those that are customary in the industry. The company seeks to minimise potential adverse effects on its financial performance. The impact of Covid-19 outbreak for the Company and its subsidiaries, is discussed on pages 4-6 in the Strategic Report and also disclosed in the financial statement of its subsidiaries.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that employees' views are taken into account when decisions are made that are likely to affect their interests. It ensures that all the employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through the house newspaper, newsletters and briefing groups.

Strategic report

In accordance with section 414C of the Companies Act 2006, the company has produced a Strategic Report which is set out on page 4. The directors have elected to disclose information, otherwise required to be disclosed in the directors report, in the strategic report. Information on likely future developments in the business of the company has been included in the Strategic Report on page 4.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Post balance sheet events

The post balance sheet events are disclosed in note 14 (page 24). The Covid-19 pandemic outbreak impact is considered as a post balance sheet event. The details of the impact of this event are disclosed the strategic report (pages 4-6).

Directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including 'FRS 101 Disclosure Framework' and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's 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 have a 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 the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

In accordance with the Companies Act 2006 a resolution proposing the re-appointment of BDO LLP as Auditor will be put to the members.

Approval

The Directors' Report was approved by order of the Board on 19 February 2021.



A. Ghirarduzzi
Company Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GABF HOLDINGS LIMITED**Opinion**

We have audited the financial statements of GABF Holdings Limited ("the Company") for the year ended 31 December 2019 which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's 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 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.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements, which indicates that due to the uncertainty of the effect of the Coronavirus pandemic, the company has forecast certain scenarios which are reasonably possible and in which the alternative financial support may be required. As stated in note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GABF HOLDINGS LIMITED (CONTINUED)**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and 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 and Director's 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.; or

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 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.

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 for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GABF HOLDINGS LIMITED (CONTINUED)**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.



Dominic Stammers (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
24 February 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019	2018
		£	£
Turnover	3	47,431	50,370
Administrative expenses		-	-
Operating Profit		47,431	50,370
Interest payable and similar charges		-	-
Profit on ordinary activities before taxation		47,431	50,370
Tax on profit on ordinary activities	6	-	-
Profit and total comprehensive loss for the financial period		47,431	50,370


The results shown above are derived wholly from continuing operations.

The notes from page 15-23 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Note	2019	2018
		£	£
Current assets			
Debtors	8	877,410	834,880
Cash at bank and in hand		-	-
		<u>877,410</u>	<u>834,880</u>
Creditors: amounts falling due within one year	9	<u>(1,224,892)</u>	<u>(1,229,793)</u>
Net current liabilities		<u>(347,482)</u>	<u>(394,913)</u>
Total assets less current liabilities		<u>(347,482)</u>	<u>(394,913)</u>
		<u>(347,482)</u>	<u>(394,913)</u>
Capital and reserves			
Called up share capital	10	723,763	723,763
Share premium account	11	3,976,356	3,976,356
Profit and loss account	11	<u>(5,047,601)</u>	<u>(5,095,032)</u>
Equity shareholders' funds		<u>(347,482)</u>	<u>(394,913)</u>

These financial statements were approved by the board of directors on and were signed on its behalf on 19 February 2021 by:



A. Ghirarduzzi
Director

Company Registration No. 04613313

The notes from page 15-23 form part of these financial statements.

STATEMENT OF CHANGE IN EQUITY

1. FOR THE PERIOD ENDED 31 DECEMBER 2019

	Share Capital £	Share Premium £	Profit and Loss Account £	Total shareholder Funds £
At 1 January 2018	723,763	3,976,356	(5,145,402)	(445,283)
Profit for the year	-	-	50,370	50,370
At 1 January 2019	723,763	3,976,356	(5,095,32)	(394,913)
Profit for the year	-	-	47,431	47,431
At 31 December 2019	<u>723,763</u>	<u>3,976,356</u>	<u>(5,047,601)</u>	<u>(347,482)</u>

The notes from page 15-23 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies

Reporting entity

The company is incorporated and domiciled in the United Kingdom. These Financial Statements comprise the Company. The Company is a holding company of The Great American Bagel Factory Group and the principal activity is the preparation and the sale of bagels and associated products, operating primarily in the United Kingdom. The company is 100% shareholders of The Great American Bagel Factory Limited and Oi Bagel Trading Limited. The company was incorporated on 1 August 1996 as private company limited by shares in the United Kingdom.

Statement of compliance

The company financial statement have been prepared in accordance with the applicable Financial Reporting Standard 100 Application of Financial Reporting Requirements and Financial Reporting Standard 101 Framework.

Functional and presentational currency

These financial statements are presented in pounds Sterling (£), which is the company presentational currency. The functional currency of the company is pounds sterling. The functional currency is pounds sterling for the subsidiary companies, The Great American Bagel Factory Limited and OI Trading Limited. All amounts have been rounded are the nearest pound, unless otherwise indicated.

Basis of preparation

These Financial Statement have been prepared on historical cost basis. The principal accounting policies adopted in the preparation of the financial statement are set out below. The accounting policies set out below have been applied consistently to all periods presented in these Financial Statement.

Going concern

The company and its subsidiaries operations and activities have been significantly impacted by the Covid-19 pandemic outbreaks. This is treated as a post balance sheet event and is considered a non-adjusting event because, at the Balance Sheet date 31 December 2019, the virus was not known and not reported by the World Health Organisation. The Great American Bagel Factory Group activities have been significantly reduced in the financial year 2020 and the virus is to have a significant impact on the final financial performance of 2020.

The company is reliant on its ultimate parent company Cremonini S.p.A. for financial support. The directors of Cremonini S.p.A. have confirmed that it is their intention to make resources available as necessary for the company to remain a going concern for at least 12 months from the date of signing the balance sheet. Having given consideration to the confirmation of support from the company's ultimate parent company, the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

The company is dependent on its own trademark income as well as dividends and receipt of intercompany receivables from its subsidiaries in order to meet its liabilities as they fall due.

There is a material uncertainty as to when the operations of the company's subsidiaries will return to a normal level of income following the impact of the Coronavirus pandemic and consequently there is material uncertainty as to when the company's subsidiaries might be in a position to repay their debts to the company or pay dividends. Whilst the ultimate parent company has confirmed its intention not to call the amount that the company owes until such a time that the company is in a position to make such a repayment, should a repayment be required and should the activities of the subsidiaries not fully recommence when forecast, alternative financial support may be required for the company to continue as a going concern. These

conditions indicate that a material uncertainty exists which may cast significant doubt on the ability of the company to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- All disclosures required by IFRS 7;
- All disclosures required under IFRS 13;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Cremonini S.p.A. These financial statements do not include certain/all disclosures in respect of business combinations

Changes in accounting policies

a) New standards, interpretations and amendments effective from 1 January 2019.

New standards have been adopted in the annual financial statement for the year ended 31 December 2019, and which have given rise to changes in the Company's accounting policies are:

- IFRS 16 Leases
- IFRIC 23 Uncertainty over Income Tax Treatments (IFRIC 23)

Details of the impact these two standards have had are given in the Financial Statement of the subsidiaries companies. Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Company as they are either not relevant to the Company's activities or require accounting which is consistent with the Company's current accounting policies.

IFRS 16

The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The company does not have any long term lease contracts and the application of the new standard IFRS 16 has been implemented in its subsidiaries as disclosed in their financial statements.

IFRIC23

IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The adoption of this new standard does not have any material impact in the Company financial statements for the year ended 31 December

2019.

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. Accounting policies (continued)**Changes in accounting policies (continued)****b) New standards, interpretations and amendments not yet effective**

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early. The most significant of these is as follows, which are all effective for the period beginning 1 January 2020:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)
- Revised Conceptual Framework for Financial Reporting

GABF Holdings Limited and its subsidiaries are currently assessing the impact of these new accounting standards and amendments.

Judgements and key areas of estimation uncertainty

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires the company's directors to exercise judgment in applying the company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2

Investments

Investments are stated at cost less provision for impairment.

Financial assets – loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

The company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Financial liabilities

Trade payables and other short-term liabilities are recognised at amortised cost.

Loan from group companies are recognised at amortised cost.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

1. Accounting policies (continued)**Share Capital**

The company's ordinary shares are classified as equity instruments.

Dividends payable

Dividends are recognised when become legally payable. In the case of interim dividends to equity shareholders, this is when they are paid. In the case of final dividends, this is when approved by the shareholders at the AGM.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Profit from operations

Profit from operations comprises the results of the company before interest receivable and similar income, interest payable and similar charges, corporation tax and deferred tax. The company has not been charged any audit fee. The cost of fee has been borne by the subsidiary, The Great American Bagel Factory Limited.

Turnover

Turnover, which excludes value added taxes, comprises revenues from the trademarks charged to other company of the Group for using the bagel factory brands and products.

Group Accounts

Under section 401 of the Companies Act 2006 the group is exempt from the requirement to prepare group accounts. Therefore, the accounts present information about the company as an individual undertaking and not about its group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

2. Critical accounting estimates and judgements

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions do not carry a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year.

(a) Judgements – Intercompany receivables

The intercompany loans are recognised at amortised cost. The company has received confirmation from the ultimate parent company that they will guarantee the recovery of intercompany receivables. On this basis no expected credit loss or impairment has been recorded.

3. Turnover

Turnover arises from:

	2019 £	2018 £
Trademark income	47,431	50,370
	<u>47,431</u>	<u>50,370</u>

4. Remuneration of directors

All other directors served as directors of either the ultimate parent undertaking, other group companies or related parties. The emoluments of these directors have been borne by other group companies or related parties, and were not recharged to the company. Accordingly, the aggregate emoluments figures do not include any emoluments for these directors. None of the directors had any pension contributions made to them by the company.

5. Auditor's remuneration

The cost of the audit remuneration is borne by the subsidiary company, The Great American Bagel Factory Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

6. Taxation

	2019	2018
	£	£
Profit on ordinary activities before tax	47,431	50,370
Tax on profit on ordinary activities at standard rate 19% (2018: 19%)	9,011	9,571
Effects of:		
Fixed asset differences		
Group relief surrendered/(claimed)		
Adjust closing deferred tax to average rate of 19% (2018: 19%)	4,696	4,988
Adjust opening deferred tax to average rate of 19% (2018: 19%)	(5,644)	(5,996)
Utilisation of tax losses brought forward	(8,063)	(8,563)
Total tax charges for the year	-	-
Unrecognised deferred tax at 17% (asset)		
Fixed asset timing differences	-	-
Short term timing differences	-	-
Losses and other deduction	(34,342)	(42,405)
	(34,342)	(42,405)

The company has estimated losses of £202,010 (2018: £249,441) available for carry forward against future trading profits. The trading losses carried forward are related to Non-trade loan relationship of £150,277 and excess management expenses carried forward of £51,733.

The corporation tax main rate remains at 19% for the financial year beginning 1 April 2020. The charge to corporation tax and the main rate will also be set at 19% for the financial year beginning 1 April 2021.

7. Fixed assets investments

	Share in group undertaking and participating interests £
Cost	
at 31 December 2018 and 31 December 2019	2,158,113
Provisions for diminution in value	
at 31 December 2018 and 31 December 2019	2,158,113

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

7. Fixed assets investments (continued)

Net book value

At 31 December 2018

At 31 December 2019

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

	Country of Incorporation	Registered Address	Proportion of voting rights and ordinary share capital held	Nature of business
<i>Subsidiary undertakings</i>				
The Great American Bagel Factory Limited	England and Wales	90a Tooley Street, London SE1 2TH, UK	100% - Ordinary	Concession Catering
The Second Cup Coffee Limited	England and Wales	90a Tooley Street, London SE1 2TH, UK	100% - Ordinary	Concession Catering
Oil Bagel Trading Limited	England and Wales	90a Tooley Street, London SE1 2TH, UK	100% - Ordinary	Concession Catering
Bagel Nash Retail Limited*	England and Wales	90a Tooley Street, London SE1 2TH, UK	100% - Ordinary	Concession Catering

*Denotes indirect holding

8. Debtors

	Note	2019	2018
		£	£
Trade debtors		2,919	4,900
Amounts owed by group undertakings and related party	12	871,806	827,211
Other debtors		2,769	2,769
		877,410	834,880

9. Creditors: amounts falling due within one year

2019	2018
£	£

Amounts owed to group undertakings and related party	12	<u>1,224,892</u>	<u>1,229,793</u>
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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

10. Share capital

	2019	2018
	£	£
Authorised, allotted, called up and fully paid		
7,237,644 Ordinary shares of 10p each	<u>723,763</u>	<u>723,763</u>

11. Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share capital	Nominal value of share capital subscribed for.
Share premium	Amount paid by shareholders exceeding value of shares
Retained earnings	All other net gains and losses and transactions with owners (eg dividends) not recognised elsewhere.

12. Related party disclosures

Transactions with group companies

During the year the Company entered into the following transactions with fellow group undertakings which are wholly owned members of the group headed by Cremonini S.p.A.:

	2019	2018
	£	£
Amounts owed by fellow group undertakings	<u>871,806</u>	<u>827,211</u>
Amounts owed to fellow group undertakings	<u>1,224,892</u>	<u>1,229,793</u>

Within debtors there is an outstanding intercompany balances of £791,471 (2018: £791,274) from the subsidiary company OI! Bagel Trading Limited.

Within debtors there is an outstanding balance of £80,335 (2018: £35,937) from the Chef Express S.p.A. in relation to trademarks fee.

Within creditors there is an outstanding intercompany balance of £1,224,892 (2018: £1,229,793) to the subsidiary company, the Great American Bagel Factory Limited.

All intercompany balances payable and receivable are interest free and repayable on demand

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

13. Ultimate Parent Company and Control

The immediate parent undertaking is Chef Express UK Limited, a company incorporated in England and Wales.

The company is an indirect but wholly owned subsidiary of Cremonini S.p.A. a company incorporated in Italy which publishes consolidated financial statements. Consequently, the company has taken advantage of the exemption under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Cremonini S.p.A. group.

The ultimate parent undertaking is Cremonini S.p.A, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Cremonini S.p.A.'s consolidated financial statements can be obtained from the Company Secretary, via Modena 53, 41014 Castelvetro di Modena, Italy.

14. Post Balance Sheet event

Covid-19 pandemic outbreaks impact is considered as a post balance sheet event. It is considered as a non-adjusting event because, at the Balance Sheet date 31 December 2019, the virus was not reported by the World Health Organisation. The subsidiaries activities have been significantly reduced in the financial year 2020 and the virus is likely to have an important impact in the final financial performance of 2020 (see strategic report pages 4-6).