

**Group Strategic Report, Report of the Directors and**  
**Consolidated Financial Statements for the Year Ended 31 December 2021**  
**for**  
**Brasslink Limited**

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for the Year Ended 31 December 2021**

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**Brasslink Limited**

**Company Information**  
**for the Year Ended 31 December 2021**

**DIRECTORS:**

M C Smith  
Ms M Eden

**REGISTERED OFFICE:**

123 Pall Mall  
St. James's  
London  
SW1Y 5EA

**REGISTERED NUMBER:**

04805003 (England and Wales)

**AUDITORS:**

Zenith Audit Ltd  
Registered Auditors  
First floor  
18 Devonshire Row  
London  
EC2M 4RH

**Group Strategic Report**  
**for the Year Ended 31 December 2021**

The directors present their strategic report of the company and the group for the year ended 31 December 2021.

**REVIEW OF BUSINESS**

The loss for the year, after taxation is \$9,111,963. No dividends will be distributed for the year ended 31 December 2021.

The Company's key financial and other performance indicators during the year were as follows:

			2021	2020	Change
	\$'000000	\$'000000			
Turnover			2,551	4,189	(39)
Operating loss			(3,231)	(5,256)	(39)
Loss for the financial year			(9,111)	(361)	2,424
Shareholder's funds			(62,296)	(53,065)	17
Average number of employees			181	167	8

Last year the group lost control over large Russian subsidiary, therefore the above financial indicators are not comparable. Group has maintained control over the remaining Ukrainian subsidiary that is continuing to operate bakeries in Kiev. In 2022 these operations were significantly reduced due to the military conflict still ongoing.

**Group Strategic Report**  
**for the Year Ended 31 December 2021**

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risk and uncertainty facing the company is the security situation in Kiev and Ukraine generally. Ukraine is under attack from Russian armed forces. In addition, the Group is also facing fierce competition from the growing number of competitors producing the same range of products and targeting the same market. To face this risk the Group puts emphasis to the concepts of natural and healthy food production.

The risks are subject for regular review by the Director to mitigate their impact on the Company.

**COVID-19 IMPACT**

The Covid-19 pandemic is a global shock 'like no other', involving simultaneous disruptions to both supply and demand in an interconnected world economy and in the economy of each country locally. The Company is sustainably passing the period of this pandemic which at present has a minimal impact on the business activity of the company.

**PAYMENT POLICY**

The Company does not have a formal code that it follows with regard to payments to suppliers. Content purchase management of the Company generally agrees payment terms with suppliers when they enter into the contracts for the supply of program rights. Suppliers are in that way made aware of these terms.

**EMPLOYEES**

The Company is committed to a policy of equal opportunities in employment by which the Company continues to ensure that all aspects of selection and retention are based on merit and suitability for the job without considerations of sex, marital status, nationality, colour, race, ethnicity, sexual orientation or any disability.

**POLITICAL MATTERS**

The Company could be affected by political instability or social and economic changes in the countries in which it operates. This could include the granting and renewal of permits and changes to foreign trade or legislation that could affect the business environment and negatively impact the Company's business and financial performance. The Director continues to view the political, social and economic environment within the UK favourably and remains optimistic about the conditions for business in the region.

**ON BEHALF OF THE BOARD:**

Ms M Eden - Director

23 December 2022

**Report of the Directors**  
**for the Year Ended 31 December 2021**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2021.

**PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of operating bakeries in Ukraine.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2021.

**EVENTS SINCE THE END OF THE YEAR**

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

**DIRECTOR**

M C Smith held office during the whole of the period from 1 January 2021 to the date of this report.

Other changes in directors holding office are as follows:

Ms M Eden was appointed as a director after 31 December 2021 but prior to the date of this report.

**FINANCIAL INSTRUMENTS**

The group's principal financial instruments comprise trade debtors, trade creditors and loans. The group's exposure to risks in respect of these and risk management policies are discussed below:

**Credit Risk**

The group is exposed to credit risk on its trade debtors. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. The maximum exposure to risk is represented by the carrying value of the financial assets in the balance sheet.

**Liquidity Risk**

The group manages its liquidity by ensuring that it has sufficient funds to meet its liabilities as they fall due. Liquidity is maintained by the use of long term borrowings. Management monitors the maturity of liabilities and ensures that, where necessary, sufficient additional borrowings can be negotiated to meet these.

**Interest Rate Risk**

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

**Foreign Exchange Risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's measurement currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Ukrainian Hryvnias, the US Dollar and the Euro. The Group's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

**Report of the Directors**  
**for the Year Ended 31 December 2021**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**

Ms M Eden - Director

23 December 2022

## **Report of the Independent Auditors to the Members of Brasslink Limited**

### **Opinion**

We have audited the financial statements of Brasslink Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Profit or Loss, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, 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 UK-adopted international accounting standards.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- the group and parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Material uncertainty related to going concern**

We draw attention to note 3 in the financial statements, which discloses that the group net liabilities amount to \$62,296,694 and a net loss of \$9,111,963 was incurred in the financial year ended 31 December 2021. These circumstances 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.

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. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included enquiries with management, review of financial performance after the reporting period date, confirmation of long-term borrowings and reviewing evidence for continuous financial support from the ultimate beneficiary owner.

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 directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.



**Report of the Independent Auditors to the Members of  
Brasslink Limited**

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

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

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

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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

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

**Responsibilities of directors**

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

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

## **Report of the Independent Auditors to the Members of Brasslink Limited**

### **Auditors' responsibilities for the audit of the financial statements**

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

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

We performed risk assessment procedures and obtained an understanding of the group and its environment, the applicable financial reporting framework, the applicable laws and regulations, the group's system of internal control and the fraud risk factors relevant to the group that affect the susceptibility of assertions to material misstatement due to fraud. We made enquiries with management regarding actual or suspected fraud, non-compliance with laws and regulations, potential litigation and claims. The engagement partner led a discussion among the audit team with particular emphasis on how and where the Company's financial statements may be susceptible to material misstatement due to fraud, including how fraud might occur. The engagement partner assessed that the engagement team collectively had the appropriate competence and capability to identify or recognise non-compliance with laws and regulations.

We considered compliance with UK Companies Act 2006 and the applicable tax legislation as the key laws and regulations which non-compliance could directly lead to material misstatement due to fraud at the financial statement level. We evaluated whether the selection and application of accounting policies by the group may be indicative of fraudulent financial reporting. The group engagement team shared its risk assessment with the component auditors so that they could conclude appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or the component auditors responsive to assessed risks of material misstatement due to fraud at the assertion level included but were not limited to:

- Testing the appropriateness of manual journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- Making inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries;
- Selecting and testing journal entries and other adjustments made at the end of a reporting period and throughout the period;
- Reviewing accounting estimates for biases that could represent a risk of material misstatement due to fraud;

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements due to irregularities, including fraud, may not be detected, even though we have properly planned and performed our audit in accordance with the auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as they may involve collusion, forgery, intentional omissions, override of internal controls, or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**Report of the Independent Auditors to the Members of  
Brasslink Limited**

**Use of our report**

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

Filip Lyapov (Senior Statutory Auditor)  
for and on behalf of Zenith Audit Ltd  
Registered Auditors  
First floor  
18 Devonshire Row  
London  
EC2M 4RH

23 December 2022

**Consolidated Statement of Profit or Loss**  
**for the Year Ended 31 December 2021**

	Notes	31.12.21 \$	31.12.20 \$
<b>CONTINUING OPERATIONS</b>			
Revenue		2,550,530	4,189,163
Cost of sales		<u>(1,359,702)</u>	<u>(1,663,281)</u>
<b>GROSS PROFIT</b>		1,190,828	2,525,882
Other operating income		320,296	427,005
Administrative expenses		(4,742,563)	(9,001,236)
Other operating expenses		<u>-</u>	<u>(160,773)</u>
<b>OPERATING LOSS BEFORE EXCEPTIONAL ITEMS</b>		(3,231,439)	(6,209,122)
Exceptional items		<u>-</u>	<u>952,864</u>
<b>OPERATING LOSS</b>		(3,231,439)	(5,256,258)
Finance costs	5	(1,770,007)	(1,908,134)
Finance income	5	<u>(4,110,517)</u>	<u>6,767,486</u>
<b>LOSS BEFORE INCOME TAX</b>	6	(9,111,963)	(396,906)
Income tax	7	<u>-</u>	<u>35,889</u>
<b>LOSS FOR THE YEAR</b>		<u>(9,111,963)</u>	<u>(361,017)</u>
Loss attributable to:			
Owners of the parent		<u>(9,111,963)</u>	<u>(361,017)</u>

The notes form part of these financial statements

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**for the Year Ended 31 December 2021**

	31.12.21	31.12.20
	\$	\$
<b>LOSS FOR THE YEAR</b>	(9,111,963)	(361,017)
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Foreign currency translation difference	(119,979)	(6,449,247)
Capital contribution from equity holders	-	(4,393,493)
Loss disposed on group combination	-	13,086,019
Income tax relating to items that will not be reclassified to profit or loss	-	-
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>	(119,979)	2,243,279
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	(9,231,942)	1,882,262
Total comprehensive income attributable to:		
Owners of the parent	(9,231,942)	1,882,262

**Consolidated Statement of Financial Position**  
**31 December 2021**

	Notes	31.12.21 \$	31.12.20 \$
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Owned			
Intangible assets	9	46,230	69,345
Property, plant and equipment	10	1,966,408	192,223
Right-of-use			
Property, plant and equipment	10, 19	1,511,476	242,746
Investment in associates	11	4,001,109	7,823,993
Investments	11	-	-
		<u>7,525,223</u>	<u>8,328,307</u>
<b>CURRENT ASSETS</b>			
Inventories	12	126,401	101,894
Trade and other receivables	13	510,999	180,248
Cash and cash equivalents	14	1,039,829	364,297
		<u>1,677,229</u>	<u>646,439</u>
<b>TOTAL ASSETS</b>		<u><u>9,202,452</u></u>	<u><u>8,974,746</u></u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	15	1,996,809	1,996,809
Other reserves	16	2,025,445	2,145,424
Retained earnings	16	(66,318,948)	(57,206,985)
<b>TOTAL EQUITY</b>		<u>(62,296,694)</u>	<u>(53,064,752)</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	18	70,798,501	59,585,747
Deferred tax	21	449	-
		<u>70,798,950</u>	<u>59,585,747</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	386,263	2,300,981
Financial liabilities - borrowings			
Interest bearing loans and borrowings	18	313,933	150,648
Tax payable		-	2,122
		<u>700,196</u>	<u>2,453,751</u>
<b>TOTAL LIABILITIES</b>		<u>71,499,146</u>	<u>62,039,498</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>9,202,452</u></u>	<u><u>8,974,746</u></u>

The notes form part of these financial statements

**Brasslink Limited (Registered number: 04805003)**

**Consolidated Statement of Financial Position - continued**  
**31 December 2021**

The financial statements were approved by the Board of Directors and authorised for issue on 23 December 2022 and were signed on its behalf by:

Ms M Eden - Director

The notes form part of these financial statements

**Company Statement of Financial Position**  
**31 December 2021**

	Notes	31.12.21 \$	31.12.20 \$
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Owned			
Intangible assets	9	46,230	69,345
Property, plant and equipment	10	-	-
Right-of-use			
Investment in associates	11	4,001,109	7,823,993
Investments	11	<u>1</u>	<u>1</u>
		<u>4,047,340</u>	<u>7,893,339</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	13	20,689	74,995
Cash and cash equivalents	14	<u>830,504</u>	<u>212,288</u>
		<u>851,193</u>	<u>287,283</u>
<b>TOTAL ASSETS</b>		<u><u>4,898,533</u></u>	<u><u>8,180,622</u></u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	15	1,996,809	1,996,809
Retained earnings	16	<u>(66,801,190)</u>	<u>(55,386,480)</u>
<b>TOTAL EQUITY</b>		<u><u>(64,804,381)</u></u>	<u><u>(53,389,671)</u></u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	18	<u>69,503,377</u>	<u>59,482,930</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	<u>199,537</u>	<u>2,087,363</u>
<b>TOTAL LIABILITIES</b>		<u><u>69,702,914</u></u>	<u><u>61,570,293</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>4,898,533</u></u>	<u><u>8,180,622</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 23 December 2022 and were signed on its behalf by:

Ms M Eden - Director



**Consolidated Statement of Changes in Equity**  
**for the Year Ended 31 December 2021**

	Called up share capital \$	Retained earnings \$	Other reserves \$
<b>Balance at 1 January 2020</b>	1,996,809	(69,931,987)	8,594,671
Deficit for the year	-	(361,017)	-
Other comprehensive income	-	13,086,019	(6,449,247)
Total comprehensive income	-	12,725,002	(6,449,247)
<b>Balance at 31 December 2020</b>	1,996,809	(57,206,985)	2,145,424
Deficit for the year	-	(9,111,963)	-
Other comprehensive income	-	-	(119,979)
Total comprehensive income	-	(9,111,963)	(119,979)
<b>Balance at 31 December 2021</b>	1,996,809	(66,318,948)	2,025,445

  

	Additional paid in capital \$	Total \$	Non-controlling interests \$	Total equity \$
<b>Balance at 1 January 2020</b>	4,393,493	(54,947,014)	-	(54,947,014)
Deficit for the year	-	(361,017)	-	(361,017)
Other comprehensive income	(4,393,493)	2,243,279	-	2,243,279
Total comprehensive income	(4,393,493)	1,882,262	-	1,882,262
<b>Balance at 31 December 2020</b>	-	(53,064,752)	-	(53,064,752)
Deficit for the year	-	(9,111,963)	-	(9,111,963)
Other comprehensive income	-	(119,979)	-	(119,979)
Total comprehensive income	-	(9,231,942)	-	(9,231,942)
<b>Balance at 31 December 2021</b>	-	(62,296,694)	-	(62,296,694)

**Company Statement of Changes in Equity**  
**for the Year Ended 31 December 2021**

	Called up share capital \$	Retained earnings \$	Total equity \$
<b>Balance at 1 January 2020</b>	1,996,809	(55,557,582)	(53,560,773)
<b>Changes in equity</b>			
Total comprehensive income	-	171,102	171,102
<b>Balance at 31 December 2020</b>	<u>1,996,809</u>	<u>(55,386,480)</u>	<u>(53,389,671)</u>
<b>Changes in equity</b>			
Total comprehensive loss	-	(11,414,710)	(11,414,710)
<b>Balance at 31 December 2021</b>	<u>1,996,809</u>	<u>(66,801,190)</u>	<u>(64,804,381)</u>

**Consolidated Statement of Cash Flows**  
**for the Year Ended 31 December 2021**

		31.12.21 \$	31.12.20 \$
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,098,206	(4,351,707)
Finance costs		-	(383,002)
Tax paid		(2,122)	13,440
Net cash from operating activities		<u>1,096,084</u>	<u>(4,721,269)</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(3,314,645)	(71,089)
Purchase of fixed asset investments		(708,399)	-
Sale of tangible fixed assets		254,861	-
Net cash from investing activities		<u>(3,768,183)</u>	<u>(71,089)</u>
<b>Cash flows from financing activities</b>			
New loans in year		9,977,431	2,237,566
Loan advancements in the year		(4,527,104)	-
Cash contribution from equity holders		(2,102,696)	1,889,375
Net cash from financing activities		<u>3,347,631</u>	<u>4,126,941</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>675,532</u>	<u>(665,417)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	364,297	1,029,714
<b>Cash and cash equivalents at end of year</b>	2	<u><u>1,039,829</u></u>	<u><u>364,297</u></u>

**Notes to the Consolidated Statement of Cash Flows  
for the Year Ended 31 December 2021**

**1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS**

	31.12.21	31.12.20
	\$	\$
Loss before income tax	(9,111,963)	(396,906)
Depreciation charges	93,171	23,115
Loss on revaluation of fixed assets	-	160,773
Foreign exchange	(1,290,212)	1,889,376
Bad debts write off	4,108,949	-
Leases charges	-	(139,930)
Profit on disposal of investments	-	(952,864)
Finance costs	1,770,007	1,908,134
Finance income	<u>4,110,517</u>	<u>(6,767,486)</u>
	(319,531)	(4,275,788)
(Increase)/decrease in inventories	(24,507)	23,791
Decrease in trade and other receivables	216,670	88,695
Increase/(decrease) in trade and other payables	<u>1,225,574</u>	<u>(188,405)</u>
<b>Cash generated from operations</b>	<u><u>1,098,206</u></u>	<u><u>(4,351,707)</u></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 31 December 2021**

	31.12.21	1.1.21
	\$	\$
Cash and cash equivalents	<u>1,039,829</u>	<u>364,297</u>

**Year ended 31 December 2020**

	31.12.20	1.1.20
	\$	\$
Cash and cash equivalents	<u>364,297</u>	<u>1,029,714</u>

**Notes to the Consolidated Financial Statements**  
**for the Year Ended 31 December 2021**

**1. GENERAL INFORMATION**

Brasslink Limited ("the Company") is a private limited company incorporated and domiciled in the United Kingdom. The principal activity of the Company is that of a holding and financing company. Brasslink Limited is a holding company to a number of subsidiaries incorporated in Russia and Ukraine, that are involved in bakery business. These consolidated financial statements incorporate the results of Brasslink Limited and all of its subsidiary undertakings ("the Group") as at 31 December 2021.

**2. STATUTORY INFORMATION**

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

**3. ACCOUNTING POLICIES**

**Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention as modified by fair value measurement of certain items as disclosed in the accounting policies below.

In publishing the parent company financial statements here together with the group financial statements, the company has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its individual income statement and related notes.

The financial statements have been prepared on a going concern basis even though at the balance sheet date the group had net liabilities amounting to \$62,296,694 (2020: \$53,064,752) and incurred a net loss of \$9,111,963 (2020: \$361,017).

The directors has concluded that the combination of these circumstances represent a material uncertainty that casts significant doubt upon the group's ability to continue as a going concern. Nevertheless after making enquiries, and considering the uncertainties described above, the director has a reasonable expectation that the group has adequate anticipated resources from its long term borrowings to continue in operational existence for the foreseeable future. A letter of continuing financial support from the ultimate beneficiary was also obtained. For these reasons, the directors continue to adopt the going concern basis in preparing the accounts.

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**3. ACCOUNTING POLICIES - continued**

**Basis of consolidation**

The consolidated financial statements incorporate the results of Brasslink Limited and all of its subsidiary undertakings as at 31 December 2021 using the acquisition method of accounting. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The cost of an acquisition is measured as the fair value of the assets plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the cost of acquisition over the fair value of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities is recorded as Goodwill. If the cost of acquisition is less than the fair value of the group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated, but only to the extent that there is no evidence of impairment. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Associates are accounted for using the equity method. Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20%-50%.

Non-controlling interest is the interest in subsidiaries not held by the Group. Non-controlling interest at the balance sheet date represents the non-controlling interest members' portion of the identifiable asset and liabilities of the subsidiary at the acquisition date, and the non-controlling interest members' portion of movements in equity since the date of the combination. Non-controlling interest is presented within the members' equity.

**Revenue recognition**

Revenue is recorded net of VAT and recognised on the date when the risks and rewards of ownership are transferred to the customers. Revenue is measured at the fair value of the consideration received or receivable. When the fair value of consideration received cannot be measured reliably the revenue is recognised at the fair value of the goods or services provided.

**Cash and cash equivalents**

Cash represents cash in hand and deposits held on demand with financial institutions. Cash equivalents are short-term, highly-liquid investments with original maturities of three months or less (as at their date of acquisition). Cash equivalents are readily convertible to known amounts of cash and subject to an insignificant risk of change in that cash value.

In the presentation of the Statement of Cash Flows, cash and cash equivalents also include bank overdrafts. Any such overdrafts are shown within borrowings under 'current liabilities' on the Statement of Financial Position.

**Intangible fixed assets**

Intangible fixed assets are stated at cost less amortisation.

Intangible assets comprise of franchise fees entitling the franchisee (Brasslink Limited) to an Exclusive Non Compete Zone (Kyiv and Moscow) to use "Volkonskiy" brand unrestrictedly to operate a business.

Amortisation is provided at the following rate in order to write off intangible assets over their estimated useful life.

Franchise fees	- 10 years
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**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**3. ACCOUNTING POLICIES - continued**

**Property, plant and equipment**

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight line or reducing balance basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

The estimated useful lives of significant items of property, plant and equipment for the current and comparative periods are as follows:

Leasehold property - over the term of the lease  
Plant and Machinery - 20% reducing balance  
Fixture and Fittings - 20% reducing balance

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

**Financial instruments**

**i. Financial assets : loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses unless the effect of discounting would be immaterial. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the consolidated statement of comprehensive income when the loans and receivables are derecognised or impaired as well as through the amortisation process.

Interest income is recognised on a time-proportion basis using the effective interest rate method.

**ii. Cash and cash equivalents**

Cash and cash equivalents include cash in hand, bank accounts, deposits receivable on demand and deposits with maturity dates of three months or less from the date of inception. Bank overdrafts that are repayable on demand and which form an integral part of the company's cash management are also included as a component of cash and cash equivalents where offset conditions are met.

**iii. Financial liabilities: interest bearing loans and borrowings**

All loans and borrowings are valued initially at fair value of the proceeds received (which is determined using the prevailing market rate of interest for a similar instrument, if significantly differs from the transaction price), net of transaction costs incurred. In subsequent periods, interest bearing loans and borrowings are stated at amortised cost using the effective interest method; any difference between fair value of the proceeds (net of transaction costs) and the redemption amount is recognised as interest expense over the period of the loans and borrowings.

Interest expense is recognised on a time-proportion basis using the effective interest method.

Interest-free long term debt granted to and by the related parties is initially recognised in accordance with the recognition of the financial instruments policy. The difference between nominal amount of consideration given and the fair value of loans granted and borrowed at other than market terms is recognised in the period the loan is granted and borrowed as initial recognition of loans from related parties at fair value. The resulting gain is accounted as additional paid in capital. Loans with fixed maturities are subsequently measured at amortised cost using the effective interest rate method. Those that do not have fixed maturities are carried at cost. Gains and losses are recognised in the consolidated statement of comprehensive income when the loans and borrowings are derecognised or impaired as well as through the amortisation process.

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**3. ACCOUNTING POLICIES - continued**

**Inventories**

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

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the average cost principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

**Taxation**

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

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. The deferred tax of the Group relates to foreign tax payable or receivable outside of UK.

**Foreign currencies**

The consolidated financial statements are expressed in US Dollars, which is the Group's functional currency.

The individual financial statements of each Group company are reported in the currency of the primary economic environment in which it operate. The closing rate method was used for translating the financial statements of the company's overseas subsidiaries and the income statement and cash flow statement are translated at the average exchange rate for the period. The resulting exchange differences are recognised in the translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate at the balance sheet date.

Monetary assets and liabilities in foreign currencies are translated into US Dollars at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into US Dollars at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Leases**

The company applied IFRS 16 Leases for leased assets.

The company transitioned to IFRS 16 in accordance with modified retrospective method with the date of initial application of 1 January 2019. An entity applies the elected transition method consistently to all leases for which it is a lessee IFRS 16. The company also has elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases). In addition, the company has decided not to apply the new guidance to leases whose term will end within 12 month of the date of initial application. In such cases, the leases has been accounted for as a short-term leases and the lease payments associated with them will be recognised as an expense from short-term leases.

The lease liability is measured at the present value of the remaining lease payments, discounting using the incremental borrowing rate at the date of initial application. The right-of-use asset is measured at an amount equal to the lease liability at the date of initial application.



**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**3. ACCOUNTING POLICIES - continued**

**Critical accounting estimates and judgements**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and operating costs during the reporting period. The most significant estimate is stated below.

In the normal course of business the Group enters into transactions with its related parties. IAS 39 requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties.

**Useful life of property and equipment**

Management assesses the remaining useful lives of items of property and equipment at least at each financial year-end. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group. The following primary factors are considered: (a) expected usage of the assets; (b) expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) technical or commercial obsolescence arising from changes in market conditions. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". These estimates may have a material impact on the amount of the carrying values of property and equipment and on depreciation recognized in profit or loss.

**Deferred tax assets**

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

**Investments**

Investments are valued at cost less provision for impairment.

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**3. ACCOUNTING POLICIES - continued**

**New standards and interpretations**

The following standards, interpretations and amendments to published standards have become effective during the period:

IFRS 17 - Insurance Contracts

IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to IFRS 3 - Definition of a business

Amendments to IAS 1 and IAS 8 - Definition of material

Conceptual Framework - Amendments to References to the Conceptual Framework in IFRS Standards

The following standards, interpretations and amendments to published standards are not yet effective and have not been early adopted by the company:

Amendment to IFRS 16, Leases - Covid-19 related rent concessions

Amendments to IFRS 17 and IFRS 4, 'Insurance contracts' deferral of IFRS 9

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark

Amendments to IAS 1, Presentation of financial statements' on classification of liabilities

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16

IFRS 17, Insurance contracts

None of the above standards, interpretations and amendments to published standards are expected to have a significant impact on the company's financial statements when they are applied in future periods.

**4. EMPLOYEES AND DIRECTORS**

	31.12.21	31.12.20
	\$	\$
Wages and salaries	491,865	1,430,655
Social security costs	55,052	367,363
	<u>546,917</u>	<u>1,798,018</u>

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

	31.12.21	31.12.20
Bakers and specialists	142	108
Administrative staff	35	47
Management	4	12
	<u>181</u>	<u>167</u>

Management remuneration during the year was as follows:

	2021	2020
\$		
Total	<u>151,559</u>	<u>122,897</u>

Directors fees are included in the overall package of professional services fees.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021****5. NET FINANCE COSTS**

	31.12.21	31.12.20
	\$	\$
Finance income:		
Interest in associate undertakings	(4,531,283)	6,634,414
Loan interest	420,766	133,072
	<u>(4,110,517)</u>	<u>6,767,486</u>
Finance costs:		
Loan interest	1,687,286	1,730,942
Leasing	82,721	177,192
	<u>1,770,007</u>	<u>1,908,134</u>
Net finance costs	<u>5,880,524</u>	<u>(4,859,352)</u>

**6. LOSS BEFORE INCOME TAX**

The loss before income tax is stated after charging/(crediting):

	31.12.21	31.12.20
	\$	\$
Cost of inventories recognised as expense	1,359,702	1,663,281
Depreciation - owned assets	70,056	53,794
Patents and licences amortisation	23,115	23,115
Auditors' remuneration	8,086	8,505
Foreign exchange differences	<u>(773,017)</u>	<u>2,036,102</u>

**7. INCOME TAX****Analysis of tax income**

	31.12.21	31.12.20
	\$	\$
Current tax:		
Foreign tax	-	(35,889)
Total tax income in consolidated statement of profit or loss	<u>-</u>	<u>(35,889)</u>

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**7. INCOME TAX - continued**

**Factors affecting the tax expense**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.21	31.12.20
	\$	\$
Loss before income tax	<u>(9,111,963)</u>	<u>(396,906)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19 % (2020 - 19 %)	(1,731,273)	(75,412)
Effects of:		
Losses carried forward	1,699,795	28,290
foreign jurisdictions		
Expenses not deductible	-	6,841
Depreciation in excess of capital allowances	<u>31,478</u>	<u>4,392</u>
Tax income	<u>-</u>	<u>(35,889)</u>

**8. LOSS OF PARENT COMPANY**

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was \$(11,414,710) (2020 - \$171,102 profit).

**9. INTANGIBLE ASSETS**

**Group**

	Patents and licences \$
<b>COST</b>	
At 1 January 2021	
and 31 December 2021	<u>244,938</u>
<b>AMORTISATION</b>	
At 1 January 2021	175,593
Amortisation for year	<u>23,115</u>
At 31 December 2021	<u>198,708</u>
<b>NET BOOK VALUE</b>	
At 31 December 2021	<u>46,230</u>
At 31 December 2020	<u>69,345</u>

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**9. INTANGIBLE ASSETS - continued**

**Company**

	Patents and licences \$
<b>COST</b>	
At 1 January 2021 and 31 December 2021	<u>231,150</u>
<b>AMORTISATION</b>	
At 1 January 2021	161,805
Amortisation for year	<u>23,115</u>
At 31 December 2021	<u>184,920</u>
<b>NET BOOK VALUE</b>	
At 31 December 2021	<u>46,230</u>
At 31 December 2020	<u>69,345</u>

**10. PROPERTY, PLANT AND EQUIPMENT**

**Group**

	Short leasehold \$	Plant and machinery \$	Fixtures and fittings \$	Totals \$
<b>COST</b>				
At 1 January 2021	242,746	555,969	68,490	867,205
Additions	1,511,476	1,803,169	-	3,314,645
Disposals	(242,746)	(83,770)	-	(326,516)
Exchange differences	-	70,135	-	70,135
At 31 December 2021	<u>1,511,476</u>	<u>2,345,503</u>	<u>68,490</u>	<u>3,925,469</u>
<b>DEPRECIATION</b>				
At 1 January 2021	-	363,746	68,490	432,236
Charge for year	-	70,056	-	70,056
Eliminated on disposal	-	(71,655)	-	(71,655)
Exchange differences	-	16,948	-	16,948
At 31 December 2021	<u>-</u>	<u>379,095</u>	<u>68,490</u>	<u>447,585</u>
<b>NET BOOK VALUE</b>				
At 31 December 2021	<u>1,511,476</u>	<u>1,966,408</u>	<u>-</u>	<u>3,477,884</u>
At 31 December 2020	<u>242,746</u>	<u>192,223</u>	<u>-</u>	<u>434,969</u>

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**10. PROPERTY, PLANT AND EQUIPMENT - continued**

**Company**

Plant and  
machinery  
\$

**COST**

At 1 January 2021  
and 31 December 2021

15,072

**DEPRECIATION**

At 1 January 2021  
and 31 December 2021

15,072

**NET BOOK VALUE**

At 31 December 2021  
At 31 December 2020

-  
-

**11. INVESTMENTS**

**Group**

Interest  
in  
associate  
\$

**COST**

At 1 January 2021  
Additions  
Impairments

7,823,993  
708,399  
(4,531,283)

At 31 December 2021

4,001,109

**NET BOOK VALUE**

At 31 December 2021  
At 31 December 2020

4,001,109  
7,823,993

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**11. INVESTMENTS - continued**

**Company**

	Shares in group undertakings \$	Interest in associate \$	Totals \$
<b>COST</b>			
At 1 January 2021	1	7,823,993	7,823,994
Additions	-	708,399	708,399
Impairments	-	(4,531,283)	(4,531,283)
At 31 December 2021	<u>1</u>	<u>4,001,109</u>	<u>4,001,110</u>
<b>NET BOOK VALUE</b>			
At 31 December 2021	<u>1</u>	<u>4,001,109</u>	<u>4,001,110</u>
At 31 December 2020	<u>1</u>	<u>7,823,993</u>	<u>7,823,994</u>

**12. INVENTORIES**

	<b>Group</b>	
	31.12.21 \$	31.12.20 \$
Raw materials	104,222	86,049
Finished goods	<u>22,179</u>	<u>15,845</u>
	<u>126,401</u>	<u>101,894</u>

**13. TRADE AND OTHER RECEIVABLES**

	<b>Group</b>		<b>Company</b>	
	31.12.21 \$	31.12.20 \$	31.12.21 \$	31.12.20 \$
Current:				
Trade debtors	78,084	129,270	-	56,584
Other debtors	314,289	30,294	12,464	18,411
Prepayments and accrued income	-	-	8,225	-
Prepayments	<u>118,626</u>	<u>20,684</u>	<u>-</u>	<u>-</u>
	<u>510,999</u>	<u>180,248</u>	<u>20,689</u>	<u>74,995</u>

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021****14. CASH AND CASH EQUIVALENTS**

<b>in USD</b>	<b>2021</b>		<b>2020</b>	
	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
Cash and cash equivalents in RUB	7,714	7,714	21,462	21,462
Cash and cash equivalents in GBP	-54	-54	-	-
Cash and cash equivalents in USD	-66	-66	-76	-76
Cash and cash equivalents in EUR	822,905	822,905	190,901	190,901
Cash and cash equivalents in UAH	209,325	-	152,009	-
Cash and cash equivalents in CHF	-	-	-	-
	<u>1,039,824</u>	<u>830,500</u>	<u>364,297</u>	<u>212,288</u>

Cash equivalents represent callable deposits with maturities of three months or less from the acquisition date.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 19.

**15. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.21	31.12.20
1,000,000	Ordinary	£1.00	<u>1,996,809</u>	<u>1,996,809</u>

**16. RESERVES****Group**

	Retained earnings \$	Other reserves \$	Totals \$
At 1 January 2021	(57,206,985)	2,145,424	(55,061,561)
Deficit for the year	(9,111,963)		(9,111,963)
Foreign currency translation	-	(119,979)	(119,979)
At 31 December 2021	<u>(66,318,948)</u>	<u>2,025,445</u>	<u>(64,293,503)</u>

**Company**

	Retained earnings \$
At 1 January 2021	(55,386,480)
Deficit for the year	<u>(11,414,710)</u>
At 31 December 2021	<u>(66,801,190)</u>



**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021****17. TRADE AND OTHER PAYABLES**

	<b>Group</b>		<b>Company</b>	
	31.12.21	31.12.20	31.12.21	31.12.20
	\$	\$	\$	\$
Current:				
Trade creditors	118,586	99,276	-	-
Other creditors	51,103	2,131,272	-	-
Loan from beneficial owner	164,352	-	164,352	2,031,325
Accrued expenses	52,222	70,433	35,185	56,038
	<u>386,263</u>	<u>2,300,981</u>	<u>199,537</u>	<u>2,087,363</u>

At the end of the year the company owed \$164,352 of unpaid loan interest to its beneficial owner.

**18. FINANCIAL LIABILITIES - BORROWINGS**

	<b>Group</b>		<b>Company</b>	
	31.12.21	31.12.20	31.12.21	31.12.20
	\$	\$	\$	\$
Current:				
Leases (see note 19)	<u>313,933</u>	<u>150,648</u>	<u>-</u>	<u>-</u>
Non-current:				
Other loans - 1-2 years	69,503,378	59,482,931	69,503,377	59,482,930
Leases (see note 19)	1,295,123	102,816	-	-
	<u>70,798,501</u>	<u>59,585,747</u>	<u>69,503,377</u>	<u>59,482,930</u>

Terms and debt repayment schedule

**Group**

	1 year or less	1-2 years	2-5 years	Totals
	\$	\$	\$	\$
Other loans	-	-	69,503,378	69,503,378
Leases	313,933	1,295,123	-	1,609,056
	<u>313,933</u>	<u>1,295,123</u>	<u>69,503,378</u>	<u>71,112,434</u>

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

**18. FINANCIAL LIABILITIES - BORROWINGS - continued**

Terms and debt repayment schedule.

Terms and conditions of outstanding loans for the group were as follows:

				2021	2021	2020	2020
		Inter est rate	Year	Face value	Carrying amount	Face value	Carrying amount
Unsecured loans	USD	3%	2022	44,624,160	44,624,160	43,689,364	43,689,364
Unsecured loans		4.5					
Unsecured loans	EUR	%	2025	10,417,833	10,417,833	10,795,378	10,795,378
Unsecured loans		4.5					
Unsecured loans	RUB	%	2025	1,270,854	1,270,854	1,240,206	1,240,206
Unsecured loans							
Unsecured loans	EUR	3%	2024	13,190,531	13,190,531	3,757,983	3,757,983
Total				<u>69,503,378</u>	<u>69,503,378</u>	<u>59,482,931</u>	<u>59,482,931</u>

Terms and conditions of outstanding loans for the company were as follows:

				2021	2021	2020	2020
		Inter est rate	Year	Face value	Carrying amount	Face value	Carrying amount
Unsecured loans	USD	3%	2022	44,624,160	44,624,160	43,689,364	43,689,364
Unsecured loans		4.5					
Unsecured loans	EUR	%	2025	10,417,833	10,417,833	10,795,378	10,795,378
Unsecured loans		4.5					
Unsecured loans	RUB	%	2025	1,270,854	1,270,854	1,240,206	1,240,206
Unsecured loans							
Unsecured loans	EUR	3%	2024	13,190,530	13,190,530	3,757,982	3,757,982
Total				<u>69,503,377</u>	<u>69,503,377</u>	<u>59,482,930</u>	<u>59,482,930</u>

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**19. LEASING**

IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019)

Adoption of IFRS 16 requires that lessees recognise nearly all leases on the balance that will reflect a right of use asset and a lease liability based on the discounted future payments required under the lease. This is in contrast with IAS 17 where only finance leases are recorded on the balance sheet and operating leases are recorded in the profit and loss account with no balance sheet impact.

The Group's only material lease commitments related to rent payable on the office and coffee shops buildings. Management reviewed the companies rental agreements to calculate the required adjustments. Optional lease periods were excluded from the lease term when calculating the present value of the discounted future payments on the lease as management could not conclude with reasonably certainty that the lease would not be terminated at the next break point as any changes in business circumstances between now and then would dictate whether the properties remain suitable for the business. A discount rate between 7.86% and 8.74% was applied based on incremental borrowing rate.

**Impact on assets, liabilities and equity as at 31 December 2021**

Right-of-use assets	1,781,058
Right-of-use assets accumulated depreciation	<u>269,582</u>
Net impact on total assets	<u>1,511,478</u>
Lease liabilities - short term	313,933
Lease liabilities - long term	<u>1,295,123</u>
Net impact on total liabilities	<u>1,609,056</u>

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**20. FINANCIAL INSTRUMENTS**

The Group's principal financial instruments comprise of cash and cash equivalents, trade and other receivables, borrowings, trade accounts payable and accruals. The Company manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, cash and cash equivalents and equity, comprising capital and retained earnings.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk. No active financial risk management is undertaken by the management.

**Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

		<b>Carrying amount</b>	
		<b>2021</b>	<b>2020</b>
\$	\$		
Cash and cash equivalents		1,039,824	364,297
Trade and other receivables		510,999	180,248

The Group has a policy of depositing surplus cash balances with reputable Russian banks. The purpose of such policy is to secure interest on deposits and at the same time maintain targeted liquidity level. The Group limits its exposure to credit risk by only placing deposits with banks (financial institutions), whose creditworthiness has been certified by Russian and European banks rating agencies.

The management believes that the Group would be able to generate sufficient cash from its bakery business and planned proceeds from coffee shop operations. The Group believes it would be able to receive full repayment of trade and other receivables within the next six months.

**Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash on demand to meet current operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including estimated interest payments. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 December 2021**

			Up to 1 year	1-3 years	More than 3 years	Total
	\$	\$	\$	\$		
<b>2021</b>						
Trade and other payables			700,196	-	-	700,196
Unsecured long term borrowings			-	-	69,503,378	69,503,378
Leases obligations			-	-	1,295,123	1,295,123
<b>2020</b>						
Trade and other payables			2,453,752	-	-	2,453,752
Unsecured long term borrowings			-	-	59,482,931	59,482,931
Leases obligations			-	-	102,816	102,816

The fair value of financial assets and financial liabilities is as below:

			Carrying amount 2021	Fair value 2021	Carrying amount 2020	Fair value 2020
	\$	\$	\$	\$		
Financial liabilities at amortised cost			69,503,378	69,503,378	59,482,931	59,482,931

The carrying value less impairment provision of trade payables are assumed to approximate their fair values. The fair value of financial liabilities is calculated by discounting the future contractual cashflows at the current market interest rate that is available to the Company for similar financial instruments.

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**Currency risk**

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currency of Group entities, which is the Russian Rouble (RUB) and Ukrainian Hryvnia (UAH). The currencies in which these transactions primarily are denominated are US dollars (USD).

Interest on borrowings is denominated in the currency of the borrowing. In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Assets and liabilities by denominated currency for the year ended 31 December 2021 is as follows:

	USD	RUB	EUR	UAH	Other	Total
Trade and other receivables	20,688	-	-	490,311	-	510,999
Cash and cash equivalents	-66	7,714	822,905	209,325	-54	1,039,824
Loans and borrowings	-44,624,160	-1,270,854	-23,608,364	-1,609,056	-	-71,112,434
Trade and other payables	-	-164,352	-	-186,726	-35,185	-386,263
	=====	=====	=====	=====	=====	=====
Totals	-44,603,538	-1,427,492	-22,785,459	-1,096,146	-35,239	-69,947,874

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2021**

Effect of principal exchange rate fluctuations on the Group's consolidated statement of comprehensive income for the year ended 31 December 2021 is as follows:

<b>In US dollars:</b>	<b>Exchange rate fluctuations %</b>	<b>Estimation of gain/(loss)</b>
USD/RUB	10%	142,749
USD/RUB	-10%	(142,749)
USD/EURO	10%	2,278,546
USD/EURO	-10%	(2,278,546)
USD/UAH	10%	-15,036
USD/UAH	-10%	15,036

The following significant exchange rates applied during the year:

<b>In US dollars:</b>	<b>Average rate 2021</b>	<b>Average rate 2020</b>	<b>Spot rate 2021</b>	<b>Spot rate 2020</b>
EURO	0.8453	0.8757	0.8794	0.8186
RUB	73.7032	72.3197	74.7889	73.9462
UAH	27.9813	25.9575	27.2782	28.2746

**Interest rate risk**

Changes in interest rates impact primarily loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). The Group's policy is only to borrow at a fixed rate of interest.

At the reporting date the Group's interest-bearing financial instruments were \$69,503,378 (2020: \$59,482,931) in the average effective interest rate of 3.60%.

Effect of interest rate fluctuations on the Group's consolidated statement of comprehensive income for the year ended 31 December 2021 is as follows:

	<b>Average rate %</b>	<b>Adjustments 10% %</b>	<b>Amount \$</b>
10% interest rate increasing	3.96	0.36	250,212
10% interest rate decreasing	3.24	-0.36	-250,212

**Fair values versus carrying amounts**

The base for determination of a fair value is disclosed in Note 3 Accounting Policies. The management believes that the fair value of financial assets and liabilities of the Group is approximately equal to their respective carrying amounts.

**Capital Management**

The Group has no formal policy for capital management but management seeks to maintain a sufficient capital base for meeting the Group's operational and strategic needs, and to maintain confidence of market participants. Total comprehensive loss for the year ended 31 December 2021 was principally generated by the businesses in countries with declining economic climate, and further depreciation of the local currencies. The management, however, concentrates on efficient production and cash management, constant monitoring of Group's revenues and long-term investment plans to be mainly financed by the Group's operating cash flows. With these measures the Group aims for steady profit growth.

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**Master netting or similar agreement**

The Group may enter into sales and purchase agreements with the same counterparty in the normal course of business. The related amount receivable and payable do not always meet the criteria for offsetting in the statement of financial position. This is because the Group may not have any currently legally enforceable right to offset recognised amounts, because the right to offset may be enforceable only on the occurrence of future events. In particular, in accordance with the Russian civil law an obligation can be settled by offsetting against a similar claim if it is due, has no maturity or is payable on demand. The total amount of financial instruments does not meet the offsetting criteria.

**21. DEFERRED TAX**

Deferred tax assets have not been recognised in respect of the cumulative group losses of \$66,636,838 (2020: \$57,206,985). Deferred tax asset has not been recognised as no profit is expected in the near future.

**22. CONTINGENT LIABILITIES**

**Taxation contingencies**

The taxation system in the Russian Federation and Ukraine continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive and substance-based position in their interpretation and enforcement of tax legislation.

These circumstances may create tax risks in the Russian Federation and Ukraine that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian and Ukrainian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

Management believes that the Group has been in compliance with all requirements of effective tax legislation and currently is assessing the possible impact of the introduced amendments.

**Ukrainian economic environment**

The Group conducts some of its operations in Ukraine.

The Ukrainian economy while deemed to be of market status continues to display certain characteristics consistent with that of an economy in transition. These characteristics include, but are not limited to, low levels of liquidity in the capital markets, unstable political situation and continuing war conflict in the Eastern parts of Ukraine, high inflation, and significant imbalances in the public finance and foreign trade.

In terms of currency regulations, the new currency law was adopted in 2018 and came into force on 7 February 2019. It purports to enable the National Bank of Ukraine to promote more liberal currency regulation and soften a number of currency restrictions.

The known and estimable effects of the above events on the financial position and performance of the Group in the reporting period have been taken into account in preparing these consolidated financial statements.

Management is monitoring the developments in the current environment and taking actions, where appropriate, to minimise any negative effects to the extent possible. Further adverse developments in the political, macroeconomic and/or international trade conditions may further adversely affect the Group's financial position and performance in a manner not currently determinable.

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**23. RELATED PARTY DISCLOSURES**

At the balance sheet date, the following amounts are included within non-current borrowings after more than one year.

		<b>2021</b>	<b>2020</b>
	\$		
Garese & Associates		10,417,833	10,795,378
Nexia Limited		14,461,385	4,998,189

The company was charged interest of \$384,091 (2020: \$370,779) by Garese & Associates, a company under common control. The company was charged interest of \$313,166 (2020: \$121,707) by Nexia Limited, a company under common control.

At the end of the year, group owed to Mr A Garese \$164,352 (2020: \$2,031,325), included in other creditors, interest charged on these loans were \$164,362 (2020: \$111,009).

**24. AUDITOR LIABILITY LIMITATION AGREEMENT**

An auditors' limitation of liability agreement has been approved by the members for the financial year ended 31 December 2021. The principal terms and conditions are as below:

- The agreement limits the amount of any liability owed to the Company by the auditors in respect of any negligence default, breach of duty or breach of trust, occurring in the course of audit of the Company's accounts and pursuant to this agreement the auditor may be guilty in relation to the Company.

- The agreement also stipulates the maximum aggregated amount payable in event of any of the circumstances stated above.

**25. EVENTS AFTER THE REPORTING PERIOD**

Invasion of Ukraine by Russia is an ongoing military conflict that began on 24 February 2022. At present we cannot say to what extent this may negatively impact the future and results of the company.

**26. ULTIMATE CONTROLLING PARTY**

Nuxley Limited, a company incorporated in the British Virgin Islands and Eversight Limited, a company registered in British Virgin Islands were both immediate parent companies of Brasslink Limited each holding 50% interest in the issued share capital of the company.

In the opinion of the directors the ultimate controlling party is Mr A Garese .

**27. SIGNIFICANT SUBSIDIARIES**

Subsidiary	Country of incorporation	Ownership/voting	
		2021	2020
OOO Konditerskaya Volkonskogo	Ukraine	100%	100%



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.