

Registered number: 06724887

ARTIZIAN GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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ARTIZIAN GROUP LIMITED

COMPANY INFORMATION

Director	A S Frith
Registered number	06724887
Registered office	10 Queen Street Place London EC4R 1AG
Independent auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG

ARTIZIAN GROUP LIMITED

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ARTIZIAN GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

Introduction

The directors present their strategic report and financial statements for the year ended 31 March 2021.

Business review

The COVID-19 pandemic led to an unprecedented year with 90% of our business closed for the majority of the 12 months and 25% remaining closed following building consolidation or a move to permanent homeworking. Turnover reduced by 77%, however swift business decisions on cost mitigation resulted in a minimal 1% loss against turnover. Artizian's careful business management over its 25 operating years, with zero loans and healthy cash reserves generated from retaining profits in place of taking dividends provides us with solid foundations during these turbulent times.

Strategic Management

Artizian continues to focus on the Business and Industry segment of the Foodservice management sector, primarily in London and the South East. It is a boutique nutritionally led and chef inspired catering and hospitality business, delivering food service solutions to companies who value their employees wellbeing and mitigating their environmental impact. Contracts are usually for a duration of 3 + an option to extend by a further 2 years.

Added value is delivered via its Workplace Health and Wellbeing focus as workplaces are making this an important criteria in safeguarding their employees wellness in returning to their place of work, after the COVID restrictions of the last year.

There are many tender opportunities with companies having terminated contracts during the pandemic and seeking how best to cater for the new hybrid way of working. Opportunities are also derived from the reduction in competitors through increasing acquisitions of some of the other independent operators.

A successful virtual 12 weeks Pivot workshop training programme helped our teams look forward, get business ready, and adapt to the new ways of working and direction reinforcing the 'We are Artizian' ethos and culture.

Other key objectives include:

- Continued focus on rebuilding the business following COVID and the resultant site closures and team reductions
- Working with clients to deliver their new ways of working at all our sites
- Helping and supporting clients to improve their CSR credentials and delivering against our own CSR Strategy

ARTIZIAN GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Principal risks and uncertainties

The impact of COVID has reached markets and companies across the world and negatively impacted operating results. This has materialised from reduced site occupancies and some sites waiting until February 2022 before becoming prescriptive in employee office working to home working ratios. The next 12 months will see a stabilisation of these uncertainties and an anticipated average site occupancy of 50% against pre covid levels.

Our forecast is reflective of a worse case scenario with zero growth, apart from including current contract extensions and the successful award of two new contracts following a market tender, at sites that had closed as a result of the pandemic.

Artizian's very swift action at Head Office and site level to minimise costs and losses in 2020 alongside cash reserves generated from years of not taking dividends, has enabled us to stay strong throughout the difficulties facing our sector.

Having experienced the change in customer behaviour of sites that have reopened, we have found customers from a confidence and trust perspective, are utilising the catering services in their offices in preference to eating outside. Meetings and events have also started to increase significantly and settling at around 60% of previous levels.

Client payment terms are continuing to improve with an understanding that as an SME we require swifter payment, and they are responding positively.

The hospitality sector is facing a number of challenges with supply and staff shortages and Artizian's previous credentials from prompt payment and paying good rates as well as looking after our team players is helping us face these challenges, alongside the support of a good procurement specialist.

Financial key performance indicators

The directors use turnover, gross profit, operating profit, profit before tax and cash flow as its key performance indicators. These key performance indicators are used to ensure the company's ability to continue to grow and remain profitable.

	2021	2020
Turnover	£2,911,177	£12,542,261
Operating loss	£(45,214)	£(182,546)
EBITDA	£(39,692)	£(170,073)
Adjusted EBITDA*	£(39,692)	£78,563

* Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation and non-recurring items such as exceptional costs.

Diversity and Inclusion continues to be evident throughout Artizian and in addition 53% of team players are female, a ratio which runs across all positions except chef roles that remain predominantly male.

Focus on CSR remains prominent across our sector and tracking behaviour against Carbon Counted dishes is proving fruitful. Technology is a prominent feature of services and future plans.

ARTIZIAN GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Directors' statement of compliance with duty to promote the success of the Group

The Directors are aware of their duty under section 172 of the Companies Act 2006, to act in a way which they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its employees and other stakeholders as a whole and in doing so, have regard (amongst other matters) to:

- The likely consequences of any decision in the long-term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between employees and stakeholders.

Below is how we focus and promote these areas:

Long term impact

The Directors considers the key stakeholders to be Our People, Our Clients and Customers, Our Suppliers and Our Communities and Environment.

We regularly update our stakeholders with the following engagement:

- Regular reports and presentations at Senior Management Meetings, including operation al reports presented by the Head of Finance and updates from senior management on food, health & safety, CSR, compliance, people (including team player engagement), supply chain and client / tender feedback.
- A rolling agenda of matters to be considered by the directors including a budget for the following year and medium-term business plan.

Our People

We really believe that 'the people that make up Artizian, make Artizian'. As a Women Enterprise Business Certified Company in what was predominantly a man's world when Artizian was launched, we have always focused on the Equality, Diversity and Inclusion of our team players. We are also proud to hold Investors In People, and IIP Health & Wellbeing.

Nurturing & Valuing our Team Players and operating to the highest ethical standards is core to our success. Having Integrity, being Respectful and Encouraging is part of what we are.

Our Clients and Customers

The duration we retain our business, despite retendering, is we believe testament to how we consistently deliver and evolve each site. Our flat structure helps us stay nimble enabling our site teams and clients to call on an individual specialist with the skill they are seeking.

We only operate in the UK and have both internal and external independent auditors to ensure we are fully compliant with all applicable legislation.

Trust is essential in any relationship and delivering transparent and optimum financials plays a very important part, in knowing what you are paying for. It is why we have an open book policy. GDPR and confidentiality is taken extremely seriously and forms part of our contractual agreements with clients and team players.

Our Suppliers

Artizian's supply chain is in conjunction with our external procurement specialist partners; Allmanhall (allmanhall.co.uk).

ARTIZIAN GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Artizian's and Allmanhall's people, processes and systems ensure that integrity and efficiency operate throughout the entire supply chain. Our 360 approach ensures that contractual terms, including quality and service standards, sustainability, sourcing, and policy compliance are managed through flow down terms and statements of work with our nominated suppliers where possible. These are then monitored, and performance managed throughout the life cycle of the contract

Our supplier negotiations are undertaken by expert CIPS qualified buyers, & the procurement team ensure they are kept fully informed & maintain an intimate knowledge of all the variables affecting the markets, & the factors that influence inflationary fluctuations.

All suppliers have to pass a Vendor Capability Assessment to ensure they meet quality criteria and prior to becoming an Artizian approved supplier.

Suppliers are thoroughly and proactively managed and through consistent market analysis and benchmarking, supplier pricing is constantly monitored to ensure competitiveness within the market place.

Community & Environment

As a Women Enterprise Business certified company with 3 star SRA rating and ISO14001 credentials, we like to lead by example and introduce targets for measurement including reductions in food waste, CO2, single use plastics and a shift towards sustainable fish, and local supply chains.

Artizian are in the top 10% of achievers nationally, within the SRA membership. This is as a result of working with our clients to achieve the very best outcome within any restrictions that they may impose.

We achieve benefits from CSR by educating informing & inspiring our teams who work across our company to positively influence & optimise the results, nurturing our skills & increasing teamwork across our organisation, whilst doing something positive for our community.

Future developments

Continuing to increase use of technology within services delivered.

This report was approved by the board on 1 February 2022 and signed on its behalf.

Alison Frith

A S Frith
Director

ARTIZIAN GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Group's financial statements and then apply them consistently;
- make judgments 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 Group 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 the Group and to 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.

Results and dividends

The loss for the year, after taxation, amounted to £36,824 (2020 - loss £194,965).

The directors do not recommend the payment of a dividend (2020: £nil).

Directors

The directors who served during the year were:

A S Frith
J K Marriott (resigned 30 June 2021)

Disclosure of information to auditors

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

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

Post balance sheet events

There have been no significant events affecting the Group or Company since the year end.

ARTIZIAN GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

Auditors

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

This report was approved by the board on 1 February 2022 and signed on its behalf.

Alison Frith

A S Frith
Director

ARTIZIAN GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARTIZIAN GROUP LIMITED

Opinion

We have audited the financial statements of Artizian Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2021, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2021 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

ARTIZIAN GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARTIZIAN GROUP LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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 Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 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.

ARTIZIAN GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARTIZIAN GROUP LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Based on our understanding of the Group, Company and industry, we identified that the principal risks of non-compliance with laws and regulations are Companies Act 2006, Health & Safety and food hygiene laws and Minimum Wage regulations and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- inspecting correspondence with regulators and tax authorities;
- inquires with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- evaluating management's controls designed to prevent and detect irregularities;
- identifying and testing journals, in particular journal entries posted with unusual journal descriptions postings with high value transactions or rounded entries; and

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

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 Auditors' 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.

ARTIZIAN GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARTIZIAN GROUP LIMITED (CONTINUED)

BK King

Bernadette King (Senior Statutory Auditor)

for and on behalf of

Haysmacintyre LLP

Statutory Auditors

10 Queen Street Place

London

EC4R 1AG

1 February 2022

ARTIZIAN GROUP LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 £	2020 £
Turnover	4	2,917,198	12,547,618
Cost of sales		(3,834,859)	(11,600,893)
Gross (loss)/profit		<u>(917,661)</u>	<u>946,725</u>
Administrative expenses		(1,147,505)	(889,838)
Write down of debt due		-	(240,758)
Other operating income	5	2,019,952	-
Operating loss	6	<u>(45,214)</u>	<u>(183,871)</u>
Interest receivable and similar income	10	214	1,956
Loss before taxation		<u>(45,000)</u>	<u>(181,915)</u>
Tax on loss		8,176	(13,050)
Loss for the financial year		<u>(36,824)</u>	<u>(194,965)</u>
(Loss) for the year attributable to:			
Owners of the parent Company		<u>(36,824)</u>	<u>(194,965)</u>
		<u>(36,824)</u>	<u>(194,965)</u>

There were no recognised gains and losses for 2021 or 2020 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 18 to 29 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	1,885	7,407
		<u>1,885</u>	<u>7,407</u>
Current assets			
Stocks	15	19,857	30,063
Debtors	16	473,508	1,561,699
Cash at bank and in hand	17	985,143	736,383
		<u>1,478,508</u>	<u>2,328,145</u>
Creditors: amounts falling due within one year	18	(879,920)	(1,698,255)
Total assets less current liabilities		<u>600,473</u>	<u>637,297</u>
Net assets		<u>600,473</u>	<u>637,297</u>
Capital and reserves			
Called up share capital	19	200	200
Other reserve	20	64,111	64,111
Profit and loss account	20	536,162	572,986
		<u>600,473</u>	<u>637,297</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 February 2022.

Alison Frith

A S Frith
Director

The notes on pages 18 to 29 form part of these financial statements.

ARTIZIAN GROUP LIMITED
REGISTERED NUMBER: 06724887

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	14	190	190
		<u>190</u>	<u>190</u>
Current assets			
Debtors	16	10	10
		<u>10</u>	<u>10</u>
Total assets less current liabilities		200	200
Net assets		<u>200</u>	<u>200</u>
Capital and reserves			
Called up share capital	19	200	200
		<u>200</u>	<u>200</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 February 2022.

Alison Frith

A S Frith
Director

The notes on pages 18 to 29 form part of these financial statements.

ARTIZIAN GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Called up share capital	Other reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2020	200	64,111	572,986	637,297
Loss for the year	-	-	(36,824)	(36,824)
At 31 March 2021	200	64,111	536,162	600,473

The notes on pages 18 to 29 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital	Other reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2019	200	64,111	767,951	832,262
Loss for the year	-	-	(194,965)	(194,965)
At 31 March 2020	200	64,111	572,986	637,297

The notes on pages 18 to 29 form part of these financial statements.

ARTIZIAN GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Called up share capital £	Total equity £
At 1 April 2020	200	200
At 31 March 2021	200	200

The notes on pages 18 to 29 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital £	Total equity £
At 1 April 2019	200	200
At 31 March 2020	200	200

The notes on pages 18 to 29 form part of these financial statements.

ARTIZIAN GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021**

	2021 £	2020 £
Cash flows from operating activities		
Loss for the financial year	(36,824)	(194,965)
Adjustments for:		
Depreciation of tangible assets	5,522	12,473
Interest received	(214)	(1,956)
Taxation charge	(8,176)	13,050
Decrease in stocks	10,206	5,996
Decrease in debtors	1,096,456	628,883
Decrease in creditors	(805,374)	(242,126)
Corporation tax paid	(13,050)	(15,551)
Net cash generated from operating activities	<u>248,546</u>	<u>205,804</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	-	(5,151)
Interest received	214	1,956
Net cash from investing activities	<u>214</u>	<u>(3,195)</u>
Net increase in cash and cash equivalents	<u>248,760</u>	<u>202,609</u>
Cash and cash equivalents at beginning of year	736,383	533,774
Cash and cash equivalents at the end of year	<u><u>985,143</u></u>	<u><u>736,383</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	985,143	736,383
	<u><u>985,143</u></u>	<u><u>736,383</u></u>

The notes on pages 18 to 29 form part of these financial statements.

ARTIZIAN GROUP LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2021**

	At 1 April 2020 £	Cash flows £	At 31 March 2021 £
Cash at bank and in hand	736,383	248,760	985,143
	<u>736,383</u>	<u>248,760</u>	<u>985,143</u>

The notes on pages 18 to 29 form part of these financial statements.

ARTIZIAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. General information

Artizian Group Limited is a private limited company incorporated and domiciled in England and Wales. The address of the registered office is 10 Queen Street Place, London, EC4R 1AG and trading address 5 Beech Court, Wokingham road, Hurst, Berkshire, RG10 0RQ.

The principal activity of the Group is the provision of catering services.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

ARTIZIAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.3 Going concern

The directors have prepared a prudent budget and cash flow forecast until 31 March 2023 assuming the worst case in terms of contract income and not allowing for any contract gains. The directors are forecasting a break even for the year ending 31 March 2022, returning to a minimal profitable position in the year ending 31 March 2023.

The directors have prepared a cash burn exercise on an absolute worst-case scenario. This assumes that all income would cease during March 2022 and all costs and obligations would be met. This exercise ultimately confirmed that the company would have sufficient liquidity to meet its liabilities for a minimum of 12 months from signing the financial statements.

The directors have taken a number of mitigating actions during 2021 to reduce the impact of COVID-19 and its variants including the reduction of non-essential costs; Head Office temporary contractual changes; use of both the Coronavirus Job Retention Scheme ("CJRS") and the VAT new payment scheme, as well as not declaring dividends in the period subsequent to the year ended 31 March 2021.

The directors believe that the greatest material uncertainty remains when the contracts will stabilise from reopening. This has been discussed individually with each Client, the results of which have been reflected in the forecast for the period to 31 March 2023. The consensus and that of the directors is that the worst is over and that the UK will learn to live with Coronavirus variants.

The forecasts and cash burn exercises performed by the directors, indicate that the company has sufficient funds without the need for any loans / external funding to continue for at least a further 12 months should the year ending 31 March 2023 prove to be similar or worse than the year ending 31 March 2022.

On this basis, the directors believe that the financial statements should be prepared on a going concern basis.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided on the following basis:

Office equipment	- 33.3% straight line basis
Computer equipment	- 25% - 50% straight line basis

2.6 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

ARTIZIAN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)**2.11 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Government grants

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.13 Pensions**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.14 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.15 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

2.16 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may ultimately differ from those estimates.

Revenue recognition

The group recognises revenue generally at the time of delivery and when collection of the resulting receivable is reasonably assured. Payments received in advance of revenue recognition are recorded as deferred income in the event that revenue is received but management do not believe the delivery of goods and services has been performed.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Goods and services	2,917,198	12,547,618
	<u>2,917,198</u>	<u>12,547,618</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2021 £	2020 £
Government grants receivable	2,019,952	-
	<u>2,019,952</u>	<u>-</u>

Government grants receivable relate to funds received under the Job Retention Scheme implemented by the UK Government in response to the COVID-19 pandemic as a contribution to employee costs.

6. Operating loss

The operating loss is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	5,522	12,473
Other operating lease rentals	66,586	13,517
Defined contribution pension costs	199,019	165,892
	<u>271,127</u>	<u>291,882</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

7. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>13,900</u>	<u>15,700</u>
Fees payable to the Group's auditor and its associates in respect of:		
Other services supplied pursuant to such legislation	1,150	1,100
All other services	<u>1,975</u>	<u>7,085</u>
	<u>3,125</u>	<u>8,185</u>

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Wages and salaries	3,504,295	4,935,136	-	-
Social security costs	290,849	438,744	-	-
Cost of defined contribution scheme	199,019	165,833	-	-
	<u>3,994,163</u>	<u>5,539,713</u>	<u>-</u>	<u>-</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Catering	134	205
Administration	<u>15</u>	<u>22</u>
	<u>149</u>	<u>227</u>

The Company has no employees other than the directors, who did not receive any remuneration (2020 - £NIL)

9. Directors' remuneration

The highest paid director received remuneration of £NIL (2020 - £NIL).

ARTIZIAN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

10. Interest receivable

	2021 £	2020 £
Other interest receivable	214	1,956

11. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	(8,176)	13,050
	(8,176)	13,050
Total current tax	(8,176)	13,050
Deferred tax		
Total deferred tax	-	-
Taxation on (loss)/profit on ordinary activities	(8,176)	13,050

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Loss on ordinary activities before tax	(45,000)	(181,915)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(8,550)	(34,564)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	-	51,355
Capital allowances for year in excess of depreciation	610	91
Deferred tax not recognised	1,467	(3,348)
Other differences leading to an decrease in the tax charge	(1,703)	(484)
Total tax charge for the year	(8,176)	13,050

Factors that may affect future tax charges

ARTIZIAN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

11. Taxation (continued)

In the 2021 budget, the Chancellor announced that Corporation Tax rate would increase from 19% to 25% with effect from 1 April 2023. Despite this not having an immediate impact on the Group, it is something to be aware of moving forward.

12. Write down of debt due

	2021 £	2020 £
Other debtor written off	-	240,758
	-	240,758

Other debtor written off relates to a balance due from Beluga London Limited, a company under common ownership.

Due to the impact of the COVID-19 pandemic and uncertainty around the ability for Beluga London Limited to repay the balances owed, the directors believe that the balances are considered to be no longer recoverable at 31 March 2020 therefore have fully written off the amounts outstanding in the previous year.

13. Tangible fixed assets**Group**

	Leasehold improvements £	Office equipment £	Total £
Cost or valuation			
At 1 April 2020	11,451	107,149	118,600
At 31 March 2021	11,451	107,149	118,600
Depreciation			
At 1 April 2020	11,451	99,742	111,193
Charge for the year on owned assets	-	5,522	5,522
At 31 March 2021	11,451	105,264	116,715
Net book value			
At 31 March 2021	-	1,885	1,885
At 31 March 2020	-	7,407	7,407

ARTIZIAN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

14. Fixed asset investments**Company**

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2020	190
At 31 March 2021	<u>190</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Artizian Catering Services Limited	Ordinary	100%
Nutrition Bites Limited	Ordinary	100%

The registered office for both subsidiaries is the same as the parent company and referenced within company information.

Nutrition Bites Limited is exempt from the requirement of individual audits by virtue of Companies Act Section 479A.

15. Stocks

	Group 2021 £	Group 2020 £
Consumables	19,857	30,063
	<u>19,857</u>	<u>30,063</u>

ARTIZIAN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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16. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	230,535	1,535,606	-	-
Other debtors	222,736	10,543	10	10
Prepayments and accrued income	8,721	12,300	-	-
Tax recoverable	11,516	3,250	-	-
	<u>473,508</u>	<u>1,561,699</u>	<u>10</u>	<u>10</u>

17. Cash and cash equivalents

	Group 2021 £	Group 2020 £
Cash at bank and in hand	985,143	736,383
	<u>985,143</u>	<u>736,383</u>

18. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £
Trade creditors	62,681	677,858
Corporation tax	-	13,050
Other taxation and social security	474,057	500,734
Other creditors	108,445	122,162
Accruals and deferred income	234,737	384,451
	<u>879,920</u>	<u>1,698,255</u>

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19. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
200 (2020 - 200) Ordinary shares of £1.00 each	200	200

20. Reserves**Profit and loss account**

Includes all current and prior period retained profits and losses.

21. Pension commitments

A subsidiary undertaking, Artizian Catering Services Limited operates a defined contributions pension scheme and the pension charge of £199,019 (2020: £165,892) represents the amounts payable by the company to the fund in respect of the year. At the year end contributions amounting to £14,677 (2020: £24,113) were outstanding.

22. Commitments under operating leases

At 31 March 2020 the Group and the Company had the future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Not later than 1 year	47,961	47,961	-	-
Later than 1 year and not later than 5 years	20,143	34,193	-	-
	<u>68,104</u>	<u>82,154</u>	<u>-</u>	<u>-</u>

23. Related party transactions

The company has taken advantage of the exemptions of disclosing transactions with related companies under the provision of Section 33 of Financial Reporting Standard 102.

During the year, the group charged fees of £nil (2020: £86,953) to Beluga London Limited, a company in which A S Frith and J K Marriott are directors and shareholders.

Included in other debtors is £10,000 (2020: £10,000) due from J K Marriott. The maximum balance outstanding during the year was £10,000. No interest is payable on this balance.

The remuneration of key personnel management for the year was £138,551 (2020: £258,021).

ARTIZIAN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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24. Controlling party

The ultimate controlling party is A S Frith.