

Company Registration No. 06110067 (England and Wales)

bagel  nash

BAGEL NASH (RETAIL) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

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COMPANY INFORMATION

Directors	C. BIASONI D.S. Cheeseman G. Cremonini A. Ghirarduzzi
Secretary	A. Ghirarduzzi
Company number	06110067
Registered Office	60 Grays Inn Road London WC1X 8AQ
Auditors	Crowe U.K. LLP 3rd floor The Lexicon Mount Street Manchester M2 5NT
Business address	60 Grays Inn Road London WC1X 8AQ
Bankers	HSBC Plc Leeds City Branch 33 Park Row West Yorkshire LS1 1LD

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**STRATEGIC REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2020**

Principal activities

The principal activity of the company is the preparation and sale of bagels and associated products including soft drinks and beverages.

The company was acquired by The Great American Bagel Factory Limited, part of the Cremonini Group, on 21 September 2018 for a total consideration price of £838,121. The company is a 100% subsidiary of The Great American Bagel Factory Limited.

Market overview and key events

The company operates in the same market segment as The Great American Bagel Factory and the acquisition has been the result of their strategy to expand their core activities in the geographical segment of the North of England. The main activities of Bagel Nash (Retail) Limited are concentrated in shopping malls and business centres in the North of England with 10 locations across the cities of Leeds, York, Huddersfield, Hull and Manchester. The product offering is consistent with that of the Great American Bagel Factory Limited.

During the financial year ended 31 December 2020, the business performance were significantly impacted by the covid-19 pandemic with the complete closure of all stores from 23 March 2020 to 14 July 2020 as consequence of the lockdown restrictions imposed by the UK Government. Subsequently the majority of the units re-opened in various stage during the summer 2020 and they traded, although at much lower level of sales, until 3rd November 2020 when the new outbreak of the covid-19 pandemic forced the shops to close again due to 2nd national lockdown.

Some of the units re-opened again on 2nd of December 2020 to subsequently close again on 21 December 2020 with the third national lockdown. All units remained closed during the first quarter of 2021. From late March and early April 2021 with the end of the 3rd National lockdown all shops re-opened in different stages, and they have been trading ever since recording strong performance in majority of the stores in 2nd half of 2021 allowing the company to record one of the best financial result of its recent history.

The company has taken precise measures to tackle the impact of the covid-19 pandemic outbreak, and these are disclosed in these financial statements and the company has received support from the UK Government with taking up the furlough scheme, obtaining the business rates relief and receiving business support grants for retail and hospitality from the local councils. The details of these factors are shown in the covid-19 section of the report (pages 5-6).

During the financial year 2020 the company closed the Thornton Arcade shop in Leeds with lease ending in April 2021 and the Coppergate unit in York due to the impact of the covid-19 pandemic and the inability to recover to acceptable levels of trading. The company entered in new Lease agreement for Leeds Station starting in January 2021 for 5 years. The company also negotiated new terms to reflect the impact of the covid-19 pandemic for the sites Arndale, Spinningfields, York Designer Outlet and Leeds The Light. Furthermore, relief and support packages were agreed with all landlords during to covid-19 pandemic period.

In order to comply with the sale purchases agreement, the company stores have been converted under the Bagel Factory brand and the project was completed in January 2021. In addition to that, during the financial year 2020 the company invested in a new POS system to be aligned the reporting system of the Group. The company is continuing to review the sales strategy and product ranges in order to improve volumes further. The company started also to implement the expansion plan acquiring new sites with Eldo Square Centre in Newcastle planned to open in the Spring of 2022. The company is also currently negotiating to acquire additional new sites.

Although some uncertainty still existing around the end of the coronavirus pandemic with the possible appearance of new variants of virus, the financial performance over the course of 2021 indicates that the company has recovered in a satisfactory manner from the impact of the pandemic and the latest forecast of 2022 shows that the company is in much stronger position for the years ahead. The directors have a

**STRATEGIC REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2020**

Market overview and key events (continued)

reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future

Results for the year

The loss for the year amounted to £212,918 (2019: £122,680). The sales are lower than 2019 by 47.9% as result of a general worsening of the economic conditions which impacted the restaurant and hospitality industry during the covid-19 pandemic with closure of the business for the majority of the financial year ending in December 2020.

The administration expenses have decreased by 44.8% in comparison to 2019 due to reduced activities for the covid-19 pandemic and efficient cost control.

The cash balance as at 31 December 2020 recorded a positive balance of £87,456 with a net cash outflow of £48,127 during the financial year 2020 driven by the operating losses.

Key performance indicators

The revenue and the profit/(loss) are the key performance indicators of the company.

Covid-19 and related business impact

The outbreak of the COVID-19 coronavirus pandemic and the measures adopted by governments in countries worldwide to mitigate the pandemic's spread significantly impacted the company business activities during the financial years 2020 and 2021. The key impact and measures that the company adopted during the Covid-19 pandemic are outlined below:

- **Market and business activities**

The business activities closed on 23 March 2020 due to lockdown measures imposed by the UK government for the coronavirus pandemic outbreak. Majority of stores re-opened during the summer of 2020 but subsequently they were forced to close again at the beginning of November 2020 following the 2nd lockdown restrictions imposed by the Government. Some of the units reopened in December for take away service only and the situation remained the same until the spring 2021. Consequently, trading has been significantly affected by the pandemic and the revenues and profitability of the company were materially impacted in the financial year ending 31 December 2020.

The Company renegotiated new terms and conditions of the leases with many landlords obtaining rent reduction and holiday rent for the financial year 2020 and beyond in 2021. The company also decided not to renew the lease with the closure of 4 sites not economically viable with the new post pandemic outlook. The company has receiving full business rates relief for the year 2020-21 and has also received support by the Local Councils with the business grants for hospitality, leisure and retail sectors for a total amount of £253,835 for the financial year 2020.

- **Employees**

The Company decided to take advantage of the furlough scheme offered by the UK Government under which most staff have been put through until the end of scheme beyond the financial year 2020 in September 2021. The adoption of these measures has enabled the Company to retain a minimum skeleton structure and to be in a stronger position to re-boot the business activities and re-open the units when the UK government allowed to do so.

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2020**

Covid-19 and related business impact (continued)

- **Employees (continued)**

The company continually monitored the development of the situation and adjusted the manpower and staffing levels according to the business requirements. In that regard a redundancy programme took place during the financial year 2020 which resulted in the reduction of the workforce by 53% for a total FTE of 31 compared 2019.

supervisor and team member levels. The redundancy process has been carried out in consultation with the legal advisor and company and employees' representative.

At the present the company continues to use these schemes which are likely to be place until the latter part of 2021. The Company has continued to provide pension and health benefits for the furlough employees through the financial year ending on 31 December 2020.

- **Welfare**

The Company issued interim guidance for all employees and specifically for those working in direct contact with customers to respect the self- distancing rules. The company specifically introduced policies to safeguard the welfare of customers and employees with the installation of screen protectors at the counters of each shop, with issuing a queueing management system with the 2 meters apart rule and with additional health and hygiene measures including the presence of sanitizing stations in all stores. The company also took steps to actively support sick workers and put in place a policy that enabled those employees, who were still working, to work away from the office, with an effective remote technology plan.

- **Tax deferrals and advantages**

Along with the job retentions schemes, the UK Government also introduced a series of measures and fiscal stimulus which the Company has adopted during the financial year ending 31 December 2020. The Chancellor set out a package of temporary, timely and targeted measures to support businesses through the period of disruption caused by COVID-19. These business support measures include the deferment of the VAT payments from 20 March 2020 and 30 June 2020, as well as corporation tax payment until a later date in the year, business rates relief and business grants for the hospitality industry.

- **Supply chain**

The spread of the new coronavirus, COVID-19, has being felt globally across operations in ways that are difficult to model and assess. The Company and the Board of Directors regularly assessed the supply chain situation and they have been working closely with its suppliers to make sure they have enough resources, and they are ready to deliver the products throughout the pandemic period. The Company put in place in agreement with the existing supply chain platform to guarantee the delivery of certain goods critical to the business if any of its key suppliers faced financial difficulties and they were unable to deliver the product at the very short notice and a policy and procedures with minimize the wastage of products

- **Uncertainty and stress test**

The impact of the covid-19 pandemic has caused significant disruption to the company operations and this situation continued during the financial year 2021 and at the beginning of 2022 with new omicron variance. Since the end of February 2022, the UK government has ended all covid-19 restriction ad the business activities are now operating at full capacity reaching on average 80% of the pre pandemic volumes in 2019. However, considering that there still is a level cautious and uncertainty for the pandemic with possible surface of new variants of virus, there is still a degree of uncertainty to when the trading can reach the pre pandemic levels of 2019 and on how the covid-19 pandemic will continue to impact the Company business in future periods.

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2020**

Covid-19 and related business impact (continued)

- **Uncertainty and stress test (continued)**

The management of the company has prepared forecast and a financial plan with a number of different scenarios considering a period of twelve months from the date of finalisation of these financial statements. These assumptions are based on the current situation with the end of all covid-19 restrictions and the UK government scrapping the covid-19 law and on the potential impact of new variances of the virus going forward with the expected levels of sales to progressively reach pre pandemic level by the end of the year 2022.

The budget 2022 and the financial plan for the years 2023-24 approved by the shareholders at the beginning of January 2022 indicates that the company has successfully overcome the pandemic period and it is in stronger and more stable financial position. During the covid-19 pandemic, the management had the ability to take the mitigating actions to reduce costs, optimise the Group's cash flow and preserve liquidity with reducing non-essential capital expenditure and deferring or cancelling discretionary spend while freezing non-essential recruitment and reducing marketing spend. The Company have assessed the cash position and in particular the recoverability of trade receivables. All trade receivables are expected to be received within the agreed terms and the cash positions to improve in the 2022 and the years ahead.

However, because there is still some degree of uncertainty around the future appearance of new variants of covid-19 and with the uncertainty of the current economic climate with raising food and energy prices and the long-term impact of the conflict in Ukraine, the Company sales levels may not reach the forecasted levels, which in turn may affect the flow of cash derived from future trading income which is presumed in the cash flow forecasts. Should these activities not meet these forecasted levels, additional financial support may be required from the bank or shareholders. Although this further support has been agreed in principle by the shareholders with the approval of the business plan 2022-2024 in January 2022, these conditions therefore still indicate the existence of a material uncertainty which may cast doubt over the ability of the company to continue as a going concern.

Section 172 Statement

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

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

- **Risk Management**

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

- **Stakeholders**

The Board has considered its key stakeholders and the methods of engagement with each of those stakeholders, both at Board level and across the business. The directors seek to engage directly with stakeholders wherever possible on certain issues, however due to the size of company, this means that stakeholder engagement often takes place at an operational level.

The Board understands that good governance includes maintaining a clear, effective, meaningful relationship with all relevant stakeholders including the customers, employees, the wider Group, suppliers, and the communities and environments in which the company operates. Details on engagement with stakeholders, including employees, suppliers, customers, and the community and environment can be found in the paragraphs below.

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2020**

Section 172 Statement (continued)

- **The People**

The Company is committed to being a responsible business. The Company's behaviour is aligned with the expectation of its people, clients, shareholders and communities and society as a whole. People are at the heart of the delivery of excellent customer service to its customers. For our business to succeed, we need to manage people's performance and develop and bring through talent while ensuring the Company operates as efficiently as possible.

The Board of Directors of the Company engage directly with the employees through regular visits and meetings taking place in all shops. Both the Board of Directors and the executive management team are holding regular meetings with area managers and store managers to discuss current matters, to address any concerns, and to maintain a positive, constructive working relationship.

- **Business Relationship**

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

- **Community and environment**

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

- **Shareholders**

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

Principal risks and uncertainties**Going concern risk**

The Bagel Nash Retail Limited approved budget for 2022 by the shareholders in January 2022, indicated that the company business activities have recovered well from the effect of the covid-19 pandemic, and it indicates that the level of activities is expected to reach to the pre-covid levels of the financial year 2019 with +0.6% increase in sales on full year basis. Furthermore, a business plan for year 2022-2024 has also been approved by the shareholders which outlined the recovering plan and development of the business activities post covid with strong focus on enlarging sites portfolio, improving profitability, and controlling food and labour costs.

However, considering that there is still some uncertainty about the impact of the covid-19 pandemic during the next years, the directors are constantly reviewing the forecast for the profit and loss account and for the cash flows of the company and certain scenarios have been considered where there is a material uncertainty where the operations of the Company could not meet the forecasted levels. This, in turn, may affect the flow of cash derived from future income of the Company and this may cast doubt in respect of the ability of the company to continue as a going concern. See discussion under the Covid-19 and related business impact section of this report (pages 5-7).

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2020**

Principal risks and uncertainties (continued)***Going concern risk (continued)***

At the period end the company had net current liabilities of £703,861 (2019: £523,296).

Ultimately, the financial statements have been prepared on the going concern basis. The company is reliant on its ultimate parent company Cremonini S.p.A. for financial support. The directors of Cremonini S.p.A. have confirmed that it is their intention to make resources available as necessary for the company to remain a going concern for at least 12 months from the date of signing the balance sheet.

Brexit

The directors regularly monitor the potential impact of the outcome of the Brexit agreement with any potential other risks that may arise from it.

By order of the board,



Gloria Cremonini
Director
Date 30 March 2022

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2020**

Directors' and their interest

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

C. Biasoni
D. S. Cheeseman
G. Cremonini
A. Ghirarduzzi

None of the directors hold any interest in the company.

Ownerships

The company is part of the Great American Bagel Factory Group and it is fully owned by The Great American Bagel Factory Limited, which is 100% controlled by Chef Express UK Limited, a subsidiary of the Cremonini Group. The Cremonini Group is one of the largest food operators in Europe with a turnover of more than €4 billion. Its strong links with on-board train catering, railway stations, motorway and commercial catering, means they are perfectly positioned to grow the Bagel Factory business further.

The company was acquired by The Great American Bagel Factory Limited, part of the Cremonini Group, on 21 September 2018 for a total consideration price of £838,121. The company is a 100% subsidiary of The Great American Bagel Factory Limited.

Dividend

No dividend was paid during the financial year ending December 2019. No dividend has been proposed for the current financial year.

Directors' insurance and indemnities

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

Principal financial risk and uncertainty

The company seeks to minimise potential adverse effects on its financial performance. The impact of Covid-19 outbreak for the Company and its subsidiaries, is discussed at length on pages 4-8 in the Strategic Report. The company activities are also exposed it to a variety of financial risks. These risks are not exceptional or different in nature from those that are customary in the industry. The company seeks to minimise potential adverse effects on its financial performance.

(a) **Market risk**

(i) **Price risk**

The price risk is associated to the increase of the cost of material to produce food and drinks and to the inflationary price increases from suppliers. The company tries to mitigate the price risk by establishing prices and conditions in advance with the main suppliers and by managing and adjusting the sales prices. The company takes a view that its currency policy on price risk is well balanced.

(b) **Credit risk**

The company's cash and cash equivalents are held in the Barclays bank accounts. The company limits the associated credit risk as a result of the Group's policy to work only with reputable banks and financial institutions.

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2020**

Principal financial risk and uncertainty (continued)***(i) Trade debtors risk-***

The trade debtors risk is associated with inability of the customers to pay for the sales of goods. The company limit the risk the associated risk with the request of deposit and advance payments.

(ii) Liquidity and cash flow risk

The company cash flow is dependent on the revenues which could be subjected to fall in the event of an economic crisis such as the Covid19 pandemic, and during a period of recession. In these situations, the company could be reliant on its ultimate parent company Cremonini, which has confirmed that it would provide financial support.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability. Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that employees' views are taken into account when decisions are made that are likely to affect their interests. It ensures that all the employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through the house newspaper, newsletters and briefing groups.

Strategic report

In accordance with section 414C of the Companies Act 2006, the company has produced a Strategic Report which is set out on page 4. Information on likely future developments in the business of the company has been included in the Strategic Report on pages 4-8.

Directors' responsibilities

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

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

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2020**

Directors' responsibilities (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Disclosure of information to the auditor

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

Auditor

In accordance with Section 519 of the Companies Act 2006 BDO LLP tendered the resignation on 25 March 2021 and ceased to hold the office of auditors.

In accordance with the Companies Act 2006 a resolution appointing Crowe LLP as Auditor has been approved by the members.

Approval

The Directors' Report was approved by order of the Board on 30 March 2022.



A. Ghirarduzzi
Company Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAGEL NASH (RETAIL) LIMITED**Opinion**

We have audited the financial statements of Bagel Nash (Retail) Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Cash Flow Statement, the Statement of Change 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 100 Application of Financial Reporting Requirements, and Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Company had net current liabilities as at 31 December 2020 of £703,861. The Company also incurred a loss of £212,918 during the year ended 31 December 2020 and as of that date had net liabilities of £23,511. As stated in Note 1, due to the uncertainty over the future impact of the Coronavirus pandemic, the Ukraine conflict and rising inflation, the company has forecast certain scenarios which are reasonably possible and in which additional financial support may be required. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAGEL NASH (RETAIL) LIMITED**Opinion on other matters prescribed by the Companies Act 2006 (continued)**

- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Food Safety Act 1990 and other related food hygiene laws, and Taxation and Financial Services legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management, and revenue recognition.

- Management override of controls. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for indication of bias.
- Revenue recognition. Our audit procedures included consideration of the design of controls around revenue recognition and a walkthrough to confirm these; sample testing of transactions taking place within the year; reconciliation of the annual EPOS data to postings in the financial statements, as well as analysis of variations in sales across outlets; and inspection of all relevant documentation in relation to the receipt of government grants in the year.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAGEL NASH (RETAIL) LIMITED

Auditor's responsibilities for the audit of the financial statements (continued)

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 Auditor's 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 Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Jayson (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

3rd floor

The Lexicon

Mount Street

Manchester

M2 5NT

Date: 30/03/2022

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	3	1,212,743	2,326,480
Cost of sales		(296,356)	(688,952)
Gross profit		916,387	1,637,528
Depreciation – fixed assets	4	(63,249)	(62,456)
Depreciation – right to use assets	4	(96,841)	(276,676)
Impairment – right to use assets		-	(43,573)
Staff costs	6	(631,869)	(830,028)
Administrative expenses		(272,103)	(492,507)
Fixed assets loss on disposal	4,10	(37,904)	-
Operating Loss		(185,579)	(67,712)
Interest payable and similar charges	8	(27,339)	(54,968)
Loss on ordinary activities before taxation	4	(212,918)	(122,680)
Tax on loss on ordinary activities	9	-	-
Loss and total comprehensive profit for the financial period		(212,918)	(122,680)

The results shown above are derived wholly from continuing operations.

The notes from page 20 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	Note	2020	2019
		£	£
Fixed assets			
Tangible assets	10	328,172	366,881
Property – right to use assets	11	1,184,598	1,504,640
		<u>1,512,770</u>	<u>1,871,521</u>
Current assets			
Stock	12	16,089	75,736
Debtors	13	101,922	260,357
Cash at bank and in hand		87,456	135,583
		<u>205,467</u>	<u>471,676</u>
Creditors: Amounts falling due within one year	14	(588,157)	(762,046)
Lease liability: Current	11	(321,171)	(232,926)
		<u>(909,328)</u>	<u>(994,972)</u>
Net current liabilities		<u>(703,861)</u>	<u>(523,296)</u>
Total assets less current liabilities		<u>808,909</u>	<u>1,348,225</u>
Lease Liability: Non-current	11	(832,420)	(1,158,818)
		<u>(832,420)</u>	<u>(1,158,818)</u>
Net Assets		<u>(23,511)</u>	<u>189,407</u>
Capital and reserves			
Called up share capital	15	100	100
Profit and loss account	16	(23,611)	189,307
		<u>(23,511)</u>	<u>189,407</u>
Equity shareholders' funds		<u>(23,511)</u>	<u>189,407</u>

These financial statements were approved by the board of directors on 30 March 2022 and were signed on its behalf by:



A. Ghirarduzzi

Director

Company Registration No. 06110067

The notes from page 20 form part of these financial statements.

**CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2020**

	<i>Note</i>	2020 £	2019 £
Cash flows from operating activities			
(Loss) for the financial year		(212,918)	(122,680)
Adjustment for:			
Depreciation	4, 11	160,090	339,133
Impairment	4	-	45,573
Interest paid	8	27,339	54,968
Decrease/(Increase) in stocks		61,929	(6,656)
Decrease/(increase) in debtors		129,524	(55,455)
(Decrease)/Increase in creditors		(39,298)	140,634
Cash from operations		126,666	395,517
Cash flow from investing activities			
Purchase of tangible fixed assets	10	(62,444)	(16,807)
Disposal of tangible fixed assets	4, 10	37,904	-
Net cash from investing activities		(24,540)	(16,807)
Cash from financing activities			
Payments to lease liabilities – Capital	11	(122,814)	(433,145)
Payments to lease liabilities – Interest	11	(27,339)	(54,968)
Net cash used in financing activities		(150,253)	(488,113)
(Decrease)/Increase cash and cash equivalents	19	(48,127)	(109,403)
Cash and cash equivalents at beginning of period		135,583	244,986
Cash and cash equivalents at the end of the period	19	87,456	135,583

The notes from page 20 form part of these financial statements.

**STATEMENT OF CHANGE IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2020**

	Share Capital £	Profit and Loss Account £	Total shareholder Funds £
At 1 January 2019	100	311,987	312,087
Dividends paid	-	-	-
Loss for year	-	(122,680)	(122,680)
At 1 January 2020	100	189,307	189,407
Dividends paid	-	-	-
Loss for the year	-	(212,918)	(212,918)
At 31 December 2020	<u>100</u>	<u>(23,611)</u>	<u>(23,511)</u>

The notes from page 20 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

1. Accounting policies**Reporting entity**

The company is incorporated and domiciled in the United Kingdom. These Financial Statements comprise the Company. The Company is a trading company of The Great American Bagel Factory Group and the principal activity is the preparation and the sale of bagels and associated products, operating primarily in the United Kingdom. The company is 100% owned by The Great American Bagel Factory Limited. The company was incorporated on 16 February 2007 as private company limited by shares in the United Kingdom.

Statement of compliance

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

Functional and presentational currency

These financial statements are presented in pounds Sterling (£), which is the company presentational currency. The functional currency of the company is pounds sterling. All amounts have been rounded are the nearest pound, unless otherwise indicated.

Basis of preparation

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

Going concern

At the period end the company had net current liabilities of £703,861 (2019: £523,296). The company is reliant on its ultimate parent company Cremonini S.p.A. for financial support. The directors of Cremonini S.p.A. have confirmed that it is their intention to make resources available as necessary for the company to remain a going concern for a period of not less than 12 months from the date of signing of the financial statements. On this basis the directors believe that it is appropriate to prepare the financial statements on a going concern basis

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The budget 2022 and the financial plan for the years 2023-24 approved by the shareholders at the beginning of January 2022 indicates that the company has successfully overcome the pandemic period and it is in stronger and more stable financial position. During the covid-19 pandemic, the management had the ability to take the mitigating actions to reduce costs, optimise the Group's cash flow and preserve liquidity with reducing non-essential capital expenditure and deferring or cancelling discretionary spend while freezing non-essential recruitment and reducing marketing spend. The Company have assessed the cash position and in particular the recoverability of trade receivables. All trade receivables are expected to be received within the agreed terms and the cash positions to improve in the 2022 and the years ahead.

However, because there is still some degree of uncertainty around the future appearance of new variants of covid-19 and with the uncertainty of the current economic climate with raising food and energy prices and the long-term impact of the conflict in Ukraine, the Company sales levels may not reach the forecasted levels, which in turn may affect the flow of cash derived from future trading income which is presumed in the cash flow forecasts. Should these activities not meet these forecasted levels, additional financial support may be required from the bank or shareholders. Although this further support has been agreed in principle by the shareholders with the approval of the business plan 2022-2024 in January 2022, these conditions therefore still indicate the existence of a material uncertainty which may cast doubt over the ability of the company to continue as a going concern.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

1. Accounting policies (continued)**Disclosure exemptions adopted**

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

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

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

Changes in accounting policies**a) New standards, interpretations and amendments effective from 1 January 2020.**

New standards continue to be adopted in the annual financial statement for the year ended 31 December 2020, and which have given rise to changes in the Company's accounting policies are:

- Impact of the initial application of *Covid-19-Related Rent Concessions* Amendment to IFRS 16
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)
- Revised Conceptual Framework for Financial Reporting
- Amendments to IFRS 3 Definition of a business

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

Impact of the initial application of Covid-19- Related Rent Concessions Amendments to IFRS 16

In many territories, rent concessions have been, or are expected to be, provided to lessees as a result of the COVID-19 pandemic. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments for a period of time, sometimes followed by increased rent payments in future periods.

In May 2020, the IASB issued *Covid-19-Related Rent Concessions (Amendment to IFRS 16)* that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

In the current financial year, the Company has applied the amendment to IFRS 16 in their Financial Statements ending 31 December 2020 resulting in accounting for the concession as a variable lease payment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

1. Accounting policies (continued)***Changes in accounting policies (continued)*****IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)**

The Company has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

Revised Conceptual Framework for Financial Reporting

The Company has adopted the amendments included in *Amendments to References to the Conceptual Framework in IFRS Standards* for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new *Framework*. Not all amendments, however, update those pronouncements with regard to references to and quotes from the *Framework* so that they refer to the revised *Conceptual Framework*. Some pronouncements are only updated to indicate which version of the *Framework* they are referencing to (the IASB *Framework* adopted by the IASB in 2001, the IASB *Framework* of 2010, or the new revised *Framework* of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised *Conceptual Framework*.

The Standards which could be subjected to have implication and be amended are IFRS 3, IAS 1, IAS 8, IAS 3 and IAS 38.

Amendments to IFRS 3 Definition of a business

The Company has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

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

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early. The most significant of these are as follows, which are all effective for the period beginning 1 January 2021:

- IFRS 17 Insurance Contracts
- IFRS 10 and IAS 28 (amendments) *Sale or Contribution of Assets between an Investor and its Associate or Joint*
- *Venture*
- Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*
- Amendments to IFRS 3 *Reference to the Conceptual Framework*
- Amendments to IAS 16 *Property, Plant and Equipment—Proceeds before Intended Use*
- Amendments to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*

The Bagel Nash Retail Limited are currently assessing the impact of these new accounting standards and amendments. The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company and its subsidiaries except for IFRS 17 Insurance contract.

Judgements and key areas of estimation uncertainty

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

Computer software

Computer software is carried at cost less accumulated amortisation and any provision for impairment. Externally acquired computer software and software licences are capitalised and amortised on a straight-line basis over their useful lives of three years.

Tangible fixed assets and depreciation

Fixed assets are stated at cost net of depreciation. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery - 5 to 12 years based on the length of the lease

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises all costs of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location.

Government grants income

The income from the government grants have been recognised based on the accrual model. The grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognised in income in the period in which it becomes receivable.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

1. Accounting policies (continued)**Investments**

Investments are stated at cost less provision for impairment.

Financial assets – loans and receivables

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

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

Financial liabilities

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

Loans from group companies are recognised at amortised cost.

Share Capital

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

Dividends payable

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

Provisions

The company has recognised provisions for liabilities of uncertain timing. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability.

Provision for onerous leases, measured net of expected rental income, are recognised when the property leased becomes vacant and is no longer used in the operations of the business.

Taxation

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

Leased assets

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- (a) There is an identified asset;
- (b) The Company obtains substantially all the economic benefits from use of the asset; and
- (c) The Company has the right to direct use of the asset.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

1. Accounting policies (continued)**Leased assets (continued)**

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease. All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease.

When the company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settle/(recovered).

Profit from operations

Profit from operations comprises the results of the company before interest receivable and similar income, interest payable and similar charges, corporation tax and deferred tax.

Turnover

Turnover, which excludes value added taxes, comprises revenues from the sales of bagels and other food and drinks products in the kiosks and shops or to wholesale customers. Turnover is recognised on completion of the Company's performance obligations.

2. Critical accounting estimates and judgements

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

2. Critical accounting estimates and judgements (continued)

(a) Judgements – IFRS 16

The Company has adopted certain optional recognition exemptions available under IFRS 16 for short-term (less than 12 months) and leases based on a turnover percentage charges basis. These leases continue to be off balance sheet with rentals charged to the Income Statement on a straight-line basis over the lease term and are classified as operating leases.

The Company has adopted 4% as the lessee's incremental borrowing rate (IBR) which the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use assets in a similar economic environment.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets. An impairment loss is recognised in profit or loss if the estimated recoverable amount is lower than the value of the lease and the carrying amount is reduced to its estimated recoverable amount.

Estimates and assumption

(a) Useful lives of plant and equipment

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the company's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed and should management's assessment of useful lives shorten then depreciation charges in the financial statement would increase and carrying amounts of plant and equipment would reduce accordingly. The carrying amount of plant and equipment by each class is included in note 10.

3. Turnover

Turnover arises from:

	2020 £	2019 £
Sales of bagels and related products	671,592	2,326,480
Furlough scheme income – Covid-19	287,316	-
Business Grants – Covid-19	253,835	-
	<u>1,212,743</u>	<u>2,326,480</u>

Turnover and profit before tax are attributable to the one principal activity of the company. Turnover is fully generated in UK.

The business grants of £253,835 relates to the support grants introduced by Government to support the hospitality and retail sectors during covid-19 pandemic. The furlough scheme income of £287,316 relates to the support received by Government to pay the salary of the employees during the covid-19 pandemic.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

4. Operating profit and turnover

	<i>Note</i>	2020 £	2019 £
Operating (loss)/profit is stated after charging:			
Cost of sales		296,356	688,951
Staff cost		631,869	830,028
Depreciation of fixed assets		63,249	62,456
Depreciation of right to use assets		96,841	276,676
Impairment		-	45,573
Advice and consultancy		(5,829)	11,289
Fixed assets loss on disposal		37,904	-
Operating lease charges		48,252	-

Advice and consultancy fees have been in relation to the lease contract renewal and general employment advice.

Fixed assets loss on disposal in 2020 are in relation to the closure of the Thornton and Coppergate stores.

5. Auditors' remuneration

	<i>Note</i>	2020 £	2019 £
Fees for the audit of the company		4,260	7,820

6. Staff number and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2020 No.	2019 No.
Average number of persons employed:		
Managers	1	11
Workers	26	47
	27	58
	2020 £	2019 £
Staff costs during the year		
Wages and salaries	595,933	780,561
Social security costs & Pension	35,936	49,467
	631,869	830,028

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

7. Remuneration of directors

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

8. Finance income and finance expenses

Interest payable and similar charges

	<i>Note</i>	2020 £	2019 £
Interest charges on lease liabilities		27,339	54,968
		27,339	54,968

9. Taxation

	<i>Note</i>	2020 £	2019 £
Analysis of tax charges/(credit) for the period			
Current tax			
UK corporation tax at 19.00% (2019: 19.00%)		-	-
Deferred tax			
Origination and reversal of timing differences		-	-
Tax on ordinary profit		-	-

The tax charge for the year can be reconciled to accounting profit as follows:

	<i>Note</i>	2020 £	2019 £
(Loss) before tax		(212,918)	(122,680)
Tax on loss on ordinary activities at standard rate of 19.00% (2019: 19.00%)		(40,454)	(23,309)
Effect of:			
Fixed asset differences		5,452	11,867
Loss on fixed assets disposal		-	-
Tangible asset impairment losses		-	8,659
Tax adjustment – Pension provision		-	(1,173)
Capital allowances		-	-
Utilization Tax losses brought forward		-	-
Group relief surrender		-	3,956
Remeasurement of deferred tax for changes in tax rates		(9,981)	
Movement in deferred tax not recognised		44,983	
Total tax charge/(credit) for the period		-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

9. Taxation (continued)

The company has estimated trading losses of £655,050 (2019: £413,146) available for carry forward against future trading profits.

The corporation tax main rate remains at 19% for the financial year beginning 1 April 2021. The charge to corporation tax and the main rate will also be set at 19% for the financial year beginning 1 April 2022. The main tax rate is set to increase to 25% for the financial year beginning 1 April 2023.

10. Fixed assets

	Land and buildings £	Plant and machinery etc. £	Total £
Cost			
At 01 January 2020	593,394	881,960	1,475,354
Additions	-	62,444	62,444
Disposals	(177,391)	(102,448)	(279,839)
At 31 December 2020	416,003	841,956	1,257,959
Depreciation			
At 01 January 2020	422,019	686,454	1,108,473
Charge for the period	33,157	30,092	63,249
Disposals	(156,005)	(85,930)	(241,935)
At 31 December 2020	299,171	630,616	929,787
Net book value			
At 31 December 2020	116,832	211,339	328,172
At 31 December 2019	171,375	195,506	366,881

11. Leases

IFRS 16 was adopted 1 January 2019 without restatement of comparative figures. The Company has leases for the restaurant units.

Right-of-use-assets

	Land and Building £	Total £
At 1 January 2020	1,504,640	1,504,640
Amortisation	(96,841)	(96,841)
Modification of lease terms	(223,201)	(223,201)
At 31 December 2020	1,184,598	1,184,598

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

11. Leases (continued)

	Land and Building £	Total £
At 1 January 2020	1,391,744	1,391,744
Effect of interest expenses	(27,339)	(27,339)
Lease payments	(111,486)	(111,486)
Modification of lease terms	(99,328)	(99,328)
At 31 December 2020	1,153,591	1,153,591

The lease liabilities are presented in the statement of financial position as follows:

	31 December 2020 £
Current	321,171
Non-current	832,420
	1,153,591

12. Stock

	2020 £	2019 £
Raw material and consumables	16,089	75,736
	16,089	75,736

13. Debtors

	2020 £	2019 £
Trade debtors	377	8,441
Prepayments and accrued income	80,578	234,318
Other debtors	20,967	17,598
	101,922	260,357

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

14. Creditors: amounts falling due within one year

		2020 £	2019 £
Trade creditors		74,919	140,341
Amount owed to group undertakings and related party	20	449,814	549,118
Taxation and social security		10,113	42,463
Accruals and deferred income		26,026	30,124
Other creditors		27,285	-
		<u>588,157</u>	<u>762,046</u>

The amount owed to Group undertakings and related party of £449,814 as at 31/12/2019 (2019: £549,118). The amount of £445,614 (2019: £549,118) is in relation to the intercompany credit balance with the immediate parent company The Great American Bagel Factory Limited and its subsidiaries Oll Bagel Trading Limited.

15. Deferred tax

	2020 £	2019 £
Provision for deferred tax		
Movement in provision		
Provision at start of period	-	-
Deferred tax charges for the period	-	-
Provision at the end of period	<u>-</u>	<u>-</u>
Deferred tax (asset)/liability not recognised	<u>(129,820)</u>	<u>(84,837)</u>
Unrecognised deferred tax at 19% (asset)		
	2020 £	2019 £
Fixed asset timing differences	5,360	14,602
Short term timing differences	-	-
Losses and other deductions	124,460	70,235
	<u>129,820</u>	<u>84,837</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

16. Share capital

	2020	2019
	£	£
Authorised, allotted, called up and fully paid		
10,000 Ordinary shares of 1p each	100	100

17. Reserves

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

Reserve	Description and purpose
Share capital	Nominal value of share capital subscribed for.
Retained earnings	All other net gains and losses and transactions with owners (eg dividends) not recognised elsewhere, including the shareholders' loan moved to retained earnings.

18. Pension commitments and retirement benefits

The company pays into a number of defined contribution schemes in. The contribution rates is in line with auto enrolment contribution.

The pension cost charge of £2,249 represents contributions payable by the company to the fund. The amount paid in advance to the pension fund at the year-end in respect of these contributions was £14,131.

19. Analysis of net funds

	At 1 January 2020	Cash flow	At 31 December 2020
	£	£	£
Cash at bank and in hand	135,583	(48,127)	87,456
Short term intercompany debt	(549,118)	103,504	(445,614)
Lease liabilities	(1,391,744)	238,153	(1,153,591)
	<u>(1,805,279)</u>	<u>293,530</u>	<u>(1,511,749)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

20. Related party disclosures

Transactions with group companies

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

	2020 £	2019 £
Amounts owed to fellow group undertakings	449,814	549,118

Within creditors there is an outstanding intercompany balance of £415,614 (2019: £549,118) to The Great American Bagel Factory Limited.

Within creditors there is an outstanding intercompany balance of £30,000 (2019: £nil) to Oil Bagel Trading Limited.

Within the trade creditors there is an outstanding balance of £4,200 (2019: £nil) to Momentum Services Limited in relation to audit fees.

21. Control

The company was acquired by the Cremonini Group on 21 September 2018. The immediate parent company is The Great American Bagel Factory Limited, a company incorporated in England and Wales. The Great American Bagel Factory Limited owns 100% of the share capital of the company at the balance sheet date 31/12/2019. GABF Holding Limited owns 100% of share capital of The Great American Bagel Factory Limited. GABF Holding Limited is a subsidiary of Chef Express UK Limited, a subsidiary of Chef Express S.p.A., a company incorporated in Italy and 100% owned by the Cremonini Group.

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

The ultimate parent company is Chef Express S.p.A., a company incorporated Italy. The ultimate controlling party is the Cremonini family.

22. Post Balance Events

The covid-19 pandemic (see strategic report pages 4-9) is still considered as an on-going event which is expected still to impact the financial results in the future financial years 2021 and 2022. The company considered to have included all necessary provisions at the Balance Sheet date 31 December 2020 and no further adjustment is deemed to be required at the date of the approval of these financial statements.