

Company Registration No. 07098152 (England and Wales)

WORKSHOP TRADING (LONDON) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

WORKSHOP TRADING (LONDON) LIMITED

COMPANY INFORMATION

Directors	Mr C E Dickson Mr J Dickson Mrs D Dickson
Company number	07098152
Registered office	Richard House 9 Winckley Square Preston PR1 3HP
Auditor	MHA Moore and Smalley Richard House 9 Winckley Square Preston PR1 3HP

WORKSHOP TRADING (LONDON) LIMITED

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WORKSHOP TRADING (LONDON) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present the strategic report and financial statements for the year ended 31 March 2019.

Review of the business

The company generates revenue through three income sources:-

Retail: the company has four coffee shops in London (located in Fitzrovia, Marylebone, White Collar Factory in Old Street, and The Pilgrim Hotel in Paddington) with its fifth opening towards the end of 2019. The shop at Holborn closed during the year. The Directors review venues on an ongoing basis to ensure that they are performing effectively.

Wholesale: Coffee sales to over 90 wholesale partners including Mandarin Oriental Hotels, Claridge's, The Fat Duck Group, Lane Crawford, Yotel and Qatar Airways. Wholesale sales have expanded in the year and have the potential to be the strongest growth area for the business.

Webshop: Retail of coffee, gifts, coffee subscriptions and coffee-related hardware through the company's online shop.

The ambition is to create one of the UK's largest luxury branded specialty coffee company over the next three years.

Principle Risks and Uncertainties

Main risks include competition from other coffee shops.

There is also a risk that the company is not able to satisfy the entire demand for wholesale coffee. The business is looking to expand through a strategic acquisition and through the construction of a new roastery to satisfy the growing demand for premium coffee.

Key Performance Indicators

The Key Performance Indicators for the company are profitability across the different income channels and venues.

On behalf of the board

Mr C E Dickson
Director

20 December 2019

WORKSHOP TRADING (LONDON) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present their annual report and financial statements for the year ended 31 March 2019.

Results and dividends

The results for the year are set out on page 6.

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

Directors

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

Mr C E Dickson

Mr J Dickson

Mrs D Dickson

Supplier payment policy

The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditors of the company at the year end were equivalent to 132 day's purchases, based on the average daily amount invoiced by suppliers during the year.

Auditor

MHA Moore and Smalley were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

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

On behalf of the board

Mr C E Dickson

Director

20 December 2019

WORKSHOP TRADING (LONDON) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WORKSHOP TRADING (LONDON) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WORKSHOP TRADING (LONDON) LIMITED

Opinion

We have audited the financial statements of Workshop Trading (London) Limited (the 'company') for the year ended 31 March 2019 which comprise the income statement, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

WORKSHOP TRADING (LONDON) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF WORKSHOP TRADING (LONDON) LIMITED

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Other matters which we are required to address

The statutory financial statements for the Company for the years ended 31 March 2018 and 31 March 2017 were not audited.

Use of our report

This report is made solely to the company's members, as a body, in accordance with the terms of our engagement letter. 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.

Virginia Cooper (Senior Statutory Auditor)
for and on behalf of MHA Moore and Smalley
Chartered Accountants
Statutory Auditor

Richard House
9 Winckley Square
Preston
PR1 3HP

20 December 2019

WORKSHOP TRADING (LONDON) LIMITED**INCOME STATEMENT****FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	2019 £	2018 £
Continuing operations			
Revenue	3	2,338,896	2,139,363
Cost of sales		(1,069,345)	(1,033,758)
Gross profit		1,269,551	1,105,605
Administrative expenses		(1,982,827)	(2,129,808)
Exceptional items	4	(285,314)	(233,151)
Operating loss	5	(998,590)	(1,257,354)
Finance costs	7	-	(11,035)
Loss before taxation		(998,590)	(1,268,389)
Income tax expense		-	-
Loss and total comprehensive income for the year	19	(998,590)	(1,268,389)

The income statement has been prepared on the basis that all operations are continuing operations.

WORKSHOP TRADING (LONDON) LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2019**

	Notes	2019 £	2018 £
Non-current assets			
Property, plant and equipment	9	538,727	756,101
Current assets			
Inventories	10	135,080	96,271
Trade and other receivables	11	246,109	280,737
Cash and cash equivalents		19,399	18,461
		400,588	395,469
Total assets		939,315	1,151,570
Current liabilities			
Trade and other payables	14	594,906	907,183
Obligations under finance leases	15	-	6,700
		594,906	913,883
Net current liabilities		(194,318)	(518,414)
Non-current liabilities			
Borrowings	13	5,191,661	4,086,349
Total liabilities		5,786,567	5,000,232
Net liabilities		(4,847,252)	(3,848,662)
Equity			
Called up share capital	17	641	641
Share premium account	18	1,724,645	1,724,645
Retained earnings	19	(6,572,538)	(5,573,948)
Total equity		(4,847,252)	(3,848,662)

WORKSHOP TRADING (LONDON) LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2019

The financial statements were approved by the board of directors and authorised for issue on 20 December 2019 and are signed on its behalf by:

For the year ending 31 March 2019, the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Mr C E Dickson
Director

Company Registration No. 07098152

WORKSHOP TRADING (LONDON) LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Share capital	Share premium account	Retained earnings	Total
	£	£	£	£
Balance at 1 April 2017	641	1,724,645	(4,305,559)	(2,580,273)
Year ended 31 March 2018:				
Loss and total comprehensive income for the year	-	-	(1,268,389)	(1,268,389)
Balances at 31 March 2018	641	1,724,645	(5,573,948)	(3,848,662)
Year ended 31 March 2019:				
Loss and total comprehensive income for the year	-	-	(998,590)	(998,590)
Balances at 31 March 2019	641	1,724,645	(6,572,538)	(4,847,252)

WORKSHOP TRADING (LONDON) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash absorbed by operations	23	(1,157,729)		(810,188)	
Interest paid		-		(11,035)	
Net cash outflow from operating activities		(1,157,729)		(821,223)	
Investing activities					
Purchase of property, plant and equipment		(90,550)		(85,128)	
Proceeds on disposal of property, plant and equipment		150,605		250	
Net cash generated from/(used in) investing activities		60,055		(84,878)	
Financing activities					
Repayment of borrowings		1,105,312		931,992	
Payment of lease liabilities		(6,700)		(24,573)	
Net cash generated from financing activities		1,098,612		907,419	
Net increase in cash and cash equivalents		938		1,318	
Cash and cash equivalents at beginning of year		18,461		17,143	
Cash and cash equivalents at end of year		19,399		18,461	

WORKSHOP TRADING (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

Company information

Workshop Trading (London) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Richard House, 9 Winckley Square, Preston, PR1 3HP.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, (except as otherwise stated).

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost basis, except for the revaluation of . The principal accounting policies adopted are set out below.

Changes in accounting standards, amendments and interpretation not yet effective

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning 1 January 2019 and have not been applied in preparing this historical financial information. These include:

- IFRS 16 Leases (1 January 2019)
- IFRS 17 Insurance Contracts (1 January 2021)
- IFRIC Uncertainty over Income Tax Treatments (1 January 2019)
- Amendments to IFRS 9 Prepayment Features with Negative Compensation (1 January 2019)
- Amendments to IAS 28 Long-Term Interests in Associates and Joint Ventures (1 January 2019)*
- Amendments to IAS 19 Plan amendments, curtailment or settlement (1 January 2019)*
- Amendments to IFRS 3 Business combinations (1 January 2020)*
- Amendments to IAS 1 and IAS 8 Definition of material (1 January 2020)*

*Denotes not yet EU endorsed

None of these IFRSs, IFRIC interpretations or amendments are expected to have a material impact on the Company.

1.2 Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future.

The Directors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts and have concluded that the company has sufficient support from the Dickson family to enable it to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

WORKSHOP TRADING (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.3 Revenue

Revenue is attributable to the one principal activity of the business and is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Consideration excludes discounts, allowances for promotional activities, and amounts collected on behalf of other parties, such as value added tax.

Sale of food and beverage

The contract is established when the customer orders the food or drink item and the performance obligation is the provision of food and drink by the outlet. The performance obligation is satisfied when the food and drink is delivered to the customer, and revenue is recognised at this point at the price for the items purchased. Payment is made on the same day and consequently there are no contract assets or liabilities.

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

1.4 Goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less impairment losses.

The gain on a bargain purchase is recognised in profit or loss in the period of the acquisition.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not subsequently reversed.

1.5 Intangible assets other than goodwill

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

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

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

- Other intangible assets - 20% p.a. straight line

WORKSHOP TRADING (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Over the life of the lease
Fixtures and fittings	20% p.a. straight line
Plant and machinery	33.3% p.a. straight line
Computer equipment	33.3% p.a. straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.7 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Inventories

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

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

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

WORKSHOP TRADING (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.9 Cash and cash equivalents

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

1.10 Financial assets

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and WTL's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which WTL has applied the practical expedient, WTL initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which WTL has applied the practical expedient are measured at the transaction price determined under IFRS 15. Further details of how transaction price is determined for each revenue stream is detailed within the revenues accounting policy.

Financial assets at amortised cost (debt instruments)

WTL measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. WTL's financial assets held at amortised cost includes trade receivables, prepayments and other receivables.

Impairment of financial assets

WTL recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that WTL expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

WORKSHOP TRADING (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.11 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. WTL's financial liabilities include trade and other payables and amounts due to related parties.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

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

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the fair value of the assets at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, less any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

WORKSHOP TRADING (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

2 Critical accounting estimates and judgements

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

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Accounting judgements

a) Impairment of non-financial assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit and loss as described below.

An asset is impaired where there is evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced.

The Directors use their judgement to assess the costs to be capitalised and level of obsolescence based on future cash generation.

b) Impairment of financial assets

Impairment provisions are recognised when there has been a significant increase in the credit risk since the initial recognition.

Key sources of uncertainty

a) Useful life of intangible assets

The useful life of goodwill and development costs depend on economic factors.

3 Revenue

	2019	2018
	£	£
Revenue analysed by class of business		
Wholesale coffee and machine sales	1,051,409	1,052,261
Coffee shop income	1,287,487	1,087,102
	<u>2,338,896</u>	<u>2,139,363</u>

WORKSHOP TRADING (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

4	Exceptional items	2019	2018
		£	£
	Trading results and costs of disposal for discontinued activities	(285,314)	(233,151)

5	Operating loss	2019	2018
		£	£
	Operating loss for the year is stated after charging/(crediting):		
	Exchange losses/(gains)	10,629	(18,511)
	Fees payable to the company's auditor for the audit of the company's financial statements	15,019	-
	Depreciation of property, plant and equipment	157,319	206,231
	Profit on disposal of property, plant and equipment	-	(250)
	Cost of inventories recognised as an expense	1,069,345	1,033,758

6 Employees

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

	2019	2018
	Number	Number
Employees and directors	45	54

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	939,716	1,055,854
Social security costs	86,296	66,455
Pension costs	4,782	4,844
	1,030,794	1,127,153

7	Finance costs	2019	2018
		£	£
	Interest on bank overdrafts and loans	-	50
	Interest on lease liabilities	-	3,987
	Other interest payable	-	6,998
	Total interest expense	-	11,035

WORKSHOP TRADING (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

8 Intangible assets

	Goodwill	Development costs	Total
	£	£	£
Cost			
At 1 April 2017	100,000	6,369	106,369
At 31 March 2018	100,000	6,369	106,369
At 31 March 2019	100,000	6,369	106,369
Amortisation and impairment			
At 1 April 2017	100,000	6,369	106,369
At 31 March 2018	100,000	6,369	106,369
At 31 March 2019	100,000	6,369	106,369
Carrying amount			

9 Property, plant and equipment

	Leasehold land and buildings	Fixtures and fittings	Plant and machinery	Computer equipment	Total
	£	£	£	£	£
Cost					
At 1 April 2017	1,447,815	141,689	465,363	70,805	2,125,672
Additions	5,248	32,392	26,615	20,873	85,128
At 31 March 2018	1,453,063	174,081	491,978	91,678	2,210,800
Additions	2,030	75,013	-	13,507	90,550
Disposals	(299,164)	(244)	(198)	-	(299,606)
At 31 March 2019	1,155,929	248,850	491,780	105,185	2,001,744
Accumulated depreciation and impairment					
At 1 April 2017	634,041	120,074	432,733	61,620	1,248,468
Charge for the year	129,688	16,760	41,304	18,479	206,231
At 31 March 2018	763,729	136,834	474,037	80,099	1,454,699
Charge for the year	98,806	42,102	8,872	7,539	157,319
Eliminated on disposal	(149,001)	-	-	-	(149,001)
At 31 March 2019	713,534	178,936	482,909	87,638	1,463,017

WORKSHOP TRADING (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

9 Property, plant and equipment

(Continued)

	Leasehold land and buildings £	Fixtures and fittings £	Plant and machinery £	Computer equipment £	Total £
Carrying amount					
At 31 March 2019	442,395	69,914	8,871	17,547	538,727
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2018	689,334	37,247	17,941	11,579	756,101
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2017	813,774	21,615	32,630	9,185	877,204
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

10 Inventories

**2019
£**

**2018
£**

Raw materials	135,080	96,271
	<u> </u>	<u> </u>

11 Trade and other receivables

**Current
2019
£**

**2018
£**

Trade receivables	143,595	69,247
Other receivables	64,917	76,719
Prepayments	37,597	134,771
	<u> </u>	<u> </u>
	246,109	280,737
	<u> </u>	<u> </u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

12 Trade receivables - credit risk

Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

No significant receivable balances are impaired at the reporting end date.

WORKSHOP TRADING (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

13 Borrowings

	2019	2018
	£	£
Unsecured borrowings at amortised cost		
Directors' loans	1,150,134	1,127,753
Other loans	143,008	-
Loans from parent undertaking	425,527	432,604
Loans from related parties	3,472,992	2,525,992
	<u>5,191,661</u>	<u>4,086,349</u>

Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2019	2018
	£	£
Non-current liabilities	<u>5,191,661</u>	<u>4,086,349</u>

Mr C Dickson and Mr J Dickson have issued personal guarantees over the other loans in the company.

14 Trade and other payables

	Current	2018
	2019	£
	£	£
Trade payables	410,912	467,440
Accruals	22,327	178,500
Social security and other taxation	40,323	43,401
Other payables	121,344	217,842
	<u>594,906</u>	<u>907,183</u>

15 Obligations under finance leases

	Minimum lease payments		Present value	
	2019	2018	2019	2018
	£	£	£	£
Within one year	<u>-</u>	<u>6,700</u>	<u>-</u>	<u>6,700</u>

WORKSHOP TRADING (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

15 Obligations under finance leases

(Continued)

Finance lease obligations are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2019 £	2018 £
Current liabilities	-	6,700
	<u> </u>	<u> </u>
	2019 £	2018 £
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	-	3,987
	<u> </u>	<u> </u>

16 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £4,782 (2018 - £4,844).

17 Share capital

	2019 £	2018 £
Ordinary share capital		
<i>Issued and fully paid</i>		
62,300 Ordinary shares of 1p each	623	623
1,800 B Ordinary shares of 1p each	18	18
	<u> </u>	<u> </u>
	641	641
	<u> </u>	<u> </u>

18 Share premium account

	2019 £	2018 £
At beginning and end of year	1,724,645	1,724,645
	<u> </u>	<u> </u>

WORKSHOP TRADING (LONDON) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2019****19 Retained earnings**

	2019	2018
	£	£
At the beginning of the year	(5,573,948)	(4,305,559)
Loss for the year	(998,590)	(1,268,389)
	<u> </u>	<u> </u>
At the end of the year	<u><u>(6,572,538)</u></u>	<u><u>(5,573,948)</u></u>

20 Operating lease commitments**Lessee**

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are as follows:

	2019	2018
	£	£
Minimum lease payments under operating leases	252,679	273,412
	<u> </u>	<u> </u>

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

	2019	2018
	£	£
Land and buildings		
Within one year	308,250	331,375
Between two and five years	452,625	527,333
	<u> </u>	<u> </u>
	<u><u>760,875</u></u>	<u><u>858,708</u></u>

WORKSHOP TRADING (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

21 Capital risk management

Capital management

WTL's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide the returns for shareholders and benefits for other stakeholders, to operate within the terms of loan agreements with related parties and to maintain an optimal capital structure to reduce the cost of capital

General objectives, policies and processes – risk management

WTL is exposed through its operations to financial instrument risks in the areas of credit risk and liquidity risk. The Board reviews each of these risks and agrees policies for managing them that seek to reduce as far as possible without unduly affecting WTL's competitiveness and flexibility. The policy for each of the above risks is described in more detail below.

Credit risk

Credit risk arises from WTL giving credit to its customers and the risk that amounts are not fully recoverable from trade and other receivables. WTL's policy is to review offering customers credit and monitoring settlements to provide evidence of suitability to be offered credit.

Liquidity risk

Liquidity risk arises from WTL's management of working capital and is the risk that WTL will encounter difficulty in meeting its financial obligations as they fall due. WTL's policy is to review funding in line with operational cash flow requirements and arrange sufficient funding from related parties.

WTL is not subject to any externally imposed capital requirements.

22 Controlling party

The company is a 100% subsidiary of Workshop Trading Holdings Limited, a company registered in England and Wales. The ultimate controlling party is the directors of Workshop Trading Holdings Limited.

23 Cash generated from operations

	2019 £	2018 £
Loss for the year after tax	(998,590)	(1,268,389)
Adjustments for:		
Finance costs	-	11,035
Gain on disposal of property, plant and equipment	-	(250)
Depreciation and impairment of property, plant and equipment	157,319	206,231
Movements in working capital:		
(Increase)/decrease in inventories	(38,809)	34,619
Decrease in trade and other receivables	34,628	20,411
(Decrease)/increase in trade and other payables	(312,277)	186,155
Cash absorbed by operations	(1,157,729)	(810,188)

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