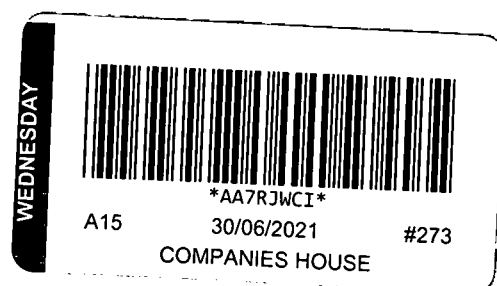


# WORKSHOP TRADING (LONDON) LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 2 JULY 2020



# **WORKSHOP TRADING (LONDON) LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	Mr C E Dickson Mr J Dickson Mr D A Benzie
<b>Company number</b>	07098152
<b>Registered office</b>	115B Innovation Drive Milton Park Abingdon Oxfordshire OX14 4RZ
<b>Auditor</b>	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW

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# **WORKSHOP TRADING (LONDON) LIMITED**

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# WORKSHOP TRADING (LONDON) LIMITED

## STRATEGIC REPORT

FOR THE PERIOD ENDED 2 JULY 2020

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The directors present the strategic report for the period ended 2 July 2020.

### Review of the business

Workshop Coffee is a speciality coffee roaster that operates through multiple sales channels including wholesale, direct to consumers via an online web-shop and subscription service, and four coffee shops located in central London.

The Workshop Coffee business was significantly impacted by the Covid-19 pandemic. Independent coffee shops, hotels and other hospitality customers have been forced to close during the national lockdown periods impacting Workshop's Wholesale revenues. As working-from-home became a requirement, home delivery sales increased significantly. This created a strong market opportunity for Workshop with its existing web-shop, subscription customers and strong digital presence. With significant reductions in London footfall, we remain cautious about reopening our retail stores. Two of the four units were re-opened after the year-end, with reduced trading hours and a focus on cost control. We will monitor the number of workers, shoppers and tourists returning to central London before re-opening our coffee shops.

*Retail:* Workshop operates four coffee shops in central London (located in Fitzrovia, Marylebone, White Collar Factory in Old Street, and The Pilgrim Hotel in Paddington). The coffee shops are operated on short-term leases, therefore we are reviewing the impact of the pandemic on central London footfall and may close any location where we feel there is insufficient profit potential.

*Wholesale:* Workshop Coffee supplies and supports over 90 wholesale partners across more than 30 countries covering a range of operators, including independent coffee shops, hotels, caterers, restaurants, bars, offices and general retailers.

Existing customers include Claridge's Hotel, The Fat Duck Group, Mandarin Oriental Hotel Group, Twitter, Palantir, and The Old Vic Theatre. Workshop Coffee works with distribution partners in other territories such as the GCC (including Saudi Arabia), and Ireland, who on sell to local customers.

*Online:* The online channel is managed and fulfilled from Workshop Coffee's production facility in Bethnal Green, London. In addition to selling one-off packs of coffee beans, customers can subscribe to recurring coffee orders through the website, as well as purchasing coffee related hardware products, such as coffee brewers and coffee grinders. In October 2020, Workshop became the UK distributor for the re-usable drinkware brand, Miir.

### Financial performance

Workshop made sales of £2.9m in the 15 months to 2 July 2020 (12 months to 31 March 2019: £2.3m) and generated an operating loss of £0.8m (12 months to 31 March 2019: £0.8m). Wholesale revenues were down by 7% on the same period last year. However there has been a substantial increase in online sales, which increased 76% on the same period last year. This was predominantly driven by hardware and coffee subscriptions as an increasing number of consumers began preparing and drinking premium coffee at home. Gross margin decreased to 38% due to a lower proportion of the sales mix coming from retail sales, where the operating model generates higher margins.

### 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. Workshop Coffee's growth focus is on wholesale and B2B customers. The board believes there is a significant opportunity to grow the Workshop Coffee business both organically and also by way of acquisition. The fallout from Covid-19 may result in consolidation in the sector. In addition, the surge in online sales during the pandemic has increased our online customer base and created further opportunities for growth in this area.

### Key Performance Indicators

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

# **WORKSHOP TRADING (LONDON) LIMITED**

## **STRATEGIC REPORT**

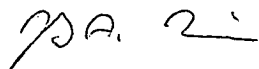
**FOR THE PERIOD ENDED 2 JULY 2020**

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### **Transaction**

During the period ended 2 July 2020, the Company's parent company, Workshop Trading (Holdings) Limited was acquired by The Barkby Group Plc. The company is now, therefore, part of the Barkby Group.

On behalf of the board



.....  
**Mr D A Benzie**  
**Director**

**30 June 2021**

# **WORKSHOP TRADING (LONDON) LIMITED**

## **DIRECTORS' REPORT**

**FOR THE PERIOD ENDED 2 JULY 2020**

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The directors present their annual report and financial statements for the period ended 2 July 2020.

### **Results and dividends**

The results for the period are set out on page 7.

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

### **Directors**

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

Mr C E Dickson  
Mr J Dickson  
Mrs D Dickson (resigned 7 January 2020)  
Mr D A Benzie (appointed 5 May 2020)

### **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**

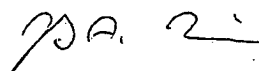
Following the acquisition of the Company's parent company by The Barkby Group, MHN Moore and Smalley resigned as the company's auditors. Crowe UK LLP were subsequently appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be 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.

These accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

On behalf of the board



.....  
**Mr D A Benzie**  
**Director**

Date: 30 June 2021

## **WORKSHOP TRADING (LONDON) LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

**FOR THE PERIOD ENDED 2 JULY 2020**

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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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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**

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#### **Opinion**

We have audited the financial statements of Workshop Trading (London) Limited (the 'Company') for the year ended 2 July 2020 which comprise the Income statement, Statement of financial position, Statement of Changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 2 July 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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

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

#### **Other information**

The directors are responsible for the other information contained within the annual report. 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.

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

We have nothing to report in this regard.



## **WORKSHOP TRADING (LONDON) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF WORKSHOP TRADING (LONDON) LIMITED**

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#### **Opinion on other matter prescribed by the Companies Act 2006**

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

- the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; 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 directors' report.

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

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors report and from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4, 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:

## **WORKSHOP TRADING (LONDON) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF WORKSHOP TRADING (LONDON) LIMITED**

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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 and Taxation 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, revenue recognition and inventory valuation. 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 biases, reviewing revenue recognised in the period to ensure revenue had been recognised in the correct period and testing of inventory (work in progress) to ensure it had been appropriately valued and recognised in the correct period.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

#### **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.



**Stephen Bullock (Senior Statutory Auditor)**  
**For and on behalf of Crowe UK LLP**  
**Chartered Accountants**  
**Statutory Auditor**

55 Ludgate Hill  
London  
EC4M 7JW

30 June 2021

**WORKSHOP TRADING (LONDON) LIMITED****INCOME STATEMENT****FOR THE PERIOD ENDED 2 JULY 2020**

		<b>Period ended 2 July 2020 £</b>	<b>Year ended 31 March 2019 £</b>
	<b>Notes</b>		
<b>Revenue</b>	<b>4</b>	2,902,415	2,338,896
Cost of sales		(1,799,281)	(1,069,345)
<b>Gross profit</b>		1,103,134	1,269,551
Administrative expenses		(2,010,319)	(1,982,827)
Other operating income		72,824	-
<b>Operating loss</b>	<b>6</b>	(834,361)	(713,276)
Finance costs	<b>8</b>	(106,615)	-
Fair value gains and losses on foreign exchange contracts		-	(285,314)
<b>Loss before taxation</b>		(940,976)	(998,590)
Tax on loss		-	-
<b>Loss and total comprehensive income for the financial period</b>		(940,976)	(998,590)

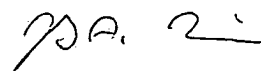
The income statement has been prepared on the basis that all operations are continuing operations.

**WORKSHOP TRADING (LONDON) LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 2 JULY 2020**

	Notes	2020 £	£	2019 £	£
<b>Non-current assets</b>					
Property, plant and equipment	10		699,811		538,727
<b>Current assets</b>					
Inventories	11	108,502		135,080	
Trade and other receivables	12	213,583		246,109	
Cash and cash equivalents		29,139		19,399	
		<u>351,224</u>		<u>400,588</u>	
<b>Current liabilities</b>	13	<u>(5,971,245)</u>		<u>(594,906)</u>	
<b>Net current liabilities</b>			<u>(5,620,021)</u>		<u>(194,318)</u>
<b>Total assets less current liabilities</b>			<u>(4,920,210)</u>		<u>344,409</u>
<b>Non-current liabilities</b>	13		<u>(752,714)</u>		<u>(5,191,661)</u>
<b>Net liabilities</b>			<u><u>(5,672,924)</u></u>		<u><u>(4,847,252)</u></u>
<b>Equity</b>					
Called up share capital	18		641		641
Share premium account	19		1,724,645		1,724,645
Retained earnings			<u>(7,398,210)</u>		<u>(6,572,538)</u>
<b>Total equity</b>			<u><u>(5,672,924)</u></u>		<u><u>(4,847,252)</u></u>

These accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 30 June 2021 and are signed on its behalf by:



.....  
**Mr D A Benzie**  
**Director**

**Company Registration No. 07098152**

**WORKSHOP TRADING (LONDON) LIMITED****STATEMENT OF CHANGES IN EQUITY****FOR THE PERIOD ENDED 2 JULY 2020**

	Share capital £	Share premium account £	Retained earnings £	Total £
<b>Balance at 1 April 2018</b>	641	1,724,645	(5,573,948)	(3,848,662)
<b>Year ended 31 March 2019:</b>				
Loss and total comprehensive income for the year	-	-	(998,590)	(998,590)
<b>Balance at 1 April 2019, as previously reported</b>	641	1,724,645	(6,572,538)	(4,847,252)
Impact of adoption of IFRS 16	-	-	115,304	115,304
<b>Adjusted balance at 1 April 2019</b>	641	1,724,645	(6,457,234)	(4,731,948)
<b>Period ended 2 July 2020:</b>				
Loss and total comprehensive income for the period	-	-	(940,976)	(940,976)
<b>Balance at 2 July 2020</b>	641	1,724,645	(7,398,210)	(5,672,924)

# WORKSHOP TRADING (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 2 JULY 2020

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### 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 115B Innovation Drive, Milton Park, Abingdon, Oxfordshire, OX14 4RZ.. The company's principal activities and nature of its operations are disclosed in the directors' report.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

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 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.

# **WORKSHOP TRADING (LONDON) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 2 JULY 2020**

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### **1**

#### **Accounting policies**

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- inclusion of an explicit and unreserved statement of compliance with IFRS;
- presentation of a statement of cash flows and related notes;
- disclosure of the objectives, policies and processes for managing capital;
- disclosure of key management personnel compensation;
- disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments;
- the effect of financial instruments on the statement of comprehensive income;
- comparative period reconciliations for the number of shares outstanding and the carrying amounts of property, plant and equipment, intangible assets, investment property and biological assets;
- disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;
- a reconciliation of the number and weighted average exercise prices of share options, how the fair value of share-based payments was determined and their effect on profit or loss and the financial position;
- comparative narrative information;
- for financial instruments, investment property and biological assets measured at fair value and within the scope of IFRS 13, the valuation techniques and inputs used to measure fair value, the effect of fair value measurements with significant unobservable inputs on the result for the period and the impact of credit risk on the fair value; and
- related party disclosures for transactions with the parent or wholly owned members of the group.

Where required, equivalent disclosures are given in the group accounts of Barkby Group PLC. The group accounts of Barkby Group PLC are available to the public and can be obtained as set out in note 20.

The financial statements are for the 15 month period ended 2 July 2020. As such the results for the period will not be comparable to the previous period. The year-end has been changed in line with the year end of the parent company.

# WORKSHOP TRADING (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 JULY 2020

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### 1 Accounting policies (continued)

#### 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.

Workshop Coffee has been significantly impacted by the Covid-19 pandemic. Independent coffee shops, hotels and other hospitality customers have been forced to close during the national lockdown periods impacting Workshop's wholesale revenues.

As working from home became a requirement, online direct to consumer sales of premium coffee increased. This created a strong market opportunity for Workshop with its existing web-shop subscription customers and established digital presence with over 50,000 followers on instagram.

In the six months to December 2020, wholesale revenues were down 55% compared to the same period last year. This was offset by online sales, which increased 118% vs the same period last year. Therefore we have seen a natural hedge between online and wholesale sales depending on consumer behaviour.

With significant reductions in London footfall, the Directors are cautious about reopening the retail stores. Two of the four units re-opened in Spring 2021 but other sites may not open until later in the year. To compensate for the reduction in central London trade, Workshop has negotiated revised rent agreements with some landlords.

The Directors have completed profitability and cash flow forecasts as part of the wider consideration of going concern. These include reviewing the performance of the Company since 2 July 2020, the budget for the year ended 1 July 2022 and the Company's longer-term strategic plans. Based on this review and the availability of support from the Company's ultimate parent company, Barkby Group Plc, The Directors consider that the going concern basis of accounting in preparing the accounts is appropriate.

#### 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.



# WORKSHOP TRADING (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 JULY 2020

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### 1 Accounting policies (continued)

#### 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 subsequently reversed if, and only if, the reasons for the impairment loss have ceased to apply.

#### 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

#### 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
Right to Use assets	

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.

# WORKSHOP TRADING (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 JULY 2020

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### 1 Accounting policies (continued)

#### Right-of-use assets

A right of use asset is recognised at the commencement date of a lease. The right-of-use assets is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

During the period ended 2 July 2020 the company negotiated reduction in lease payments with landlords as a result of the Covid-19 pandemic and its effect on the company's business. The company has utilised the amendment to IFRS 16 for Covid-19 related rent concessions and has accounted for the concessions in the form of forgiveness of lease payments as a resolution of a contingency that fixes previously variable lease payments. This has resulted in the company reducing the lease liability with a corresponding adjustment to the right-of-use asset.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

### 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 the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

# WORKSHOP TRADING (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 JULY 2020

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### 1 Accounting policies (continued)

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

#### 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 either subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or 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 the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company 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 the Company 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

Financial assets at amortised cost (debt instruments)

The Company 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. The Company's financial assets held at amortised cost includes trade receivables, prepayments and other receivables.

#### **Impairment of financial assets**

The Company 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 the Company 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 PERIOD ENDED 2 JULY 2020

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### 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. The Company'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

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

# **WORKSHOP TRADING (LONDON) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 2 JULY 2020**

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### **1 Accounting policies (continued)**

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

#### **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 in the period are included in profit or loss.

### **2 Adoption of new and revised standards and changes in accounting policies**

In the current period, the following new and revised Standards and Interpretations have been adopted by the company and have an effect on the current period or a prior period or may have an effect on future periods:

The company has adopted IFRS 16 in the year in respect of right to use assets. All adjustments have been recognised in the period ended 2 July 2020.

The opening reserves have been re-stated by £79,728 being an increase in fixed assets of £1,170,097 and recognition of corresponding liabilities of £1,249,825.

# WORKSHOP TRADING (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 JULY 2020

### 3 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.

### 4 Revenue

	2020 £	2019 £
<b>Revenue analysed by class of business</b>		
Wholesale coffee and machine sales	666,801	1,051,409
Coffee shop income	2,235,614	1,287,487
	<u>2,902,415</u>	<u>2,338,896</u>

### 5 Exceptional items

	2020 £	2019 £
Trading results and costs of disposal for discontinued activities	-	(285,314)

# WORKSHOP TRADING (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 JULY 2020

### 6 Operating loss

	2020 £	2019 £
Operating loss for the period is stated after charging/(crediting):		
Exchange losses	24,090	10,629
Research and development costs	6,693	-
Fees payable to the company's auditor for the audit of the company's financial statements	-	15,019
Depreciation of property, plant and equipment	992,070	157,319
Cost of inventories recognised as an expense	928,894	1,069,345

The fee payable for the audit of the company was borne by the company's ultimate parent company, Barkby Group Plc (formerly The Barkby Group Plc).

### 7 Employees

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

	2020 Number	2019 Number
Employees and directors	44	45

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	1,139,383	939,716
Social security costs	109,881	86,296
Pension costs	23,249	4,782
	1,272,513	1,030,794

### 8 Finance costs

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	12,717	-
Interest on other loans	93,898	-
	106,615	-

# WORKSHOP TRADING (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 JULY 2020

### 9 Intangible fixed assets

	Goodwill	Development costs	Total
	£	£	£
<b>Cost</b>			
At 31 March 2019	100,000	6,369	106,369
At 2 July 2020	100,000	6,369	106,369
<b>Amortisation and impairment</b>			
At 31 March 2019	100,000	6,369	106,369
At 2 July 2020	100,000	6,369	106,369
<b>Carrying amount</b>			
At 31 March 2019 and 2 July 2020	0	0	0

### 10 Property, plant and equipment

	Leasehold land and buildings	Fixtures and fittings	Plant and machinery	Computer equipment	Right to Use assets	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 31 March 2019	1,155,929	248,850	491,780	105,185	-	2,001,744
Additions	-	23,987	-	5,573	1,123,682	1,153,242
Disposals	(238,410)	-	-	-	-	(238,410)
At 2 July 2020	917,519	272,837	491,780	110,758	1,123,682	2,916,576
<b>Accumulated depreciation and impairment</b>						
At 31 March 2019	713,534	178,936	482,909	87,638	-	1,463,017
Charge for the period	114,929	38,442	8,871	16,050	813,778	992,070
Eliminated on disposal	(238,322)	-	-	-	-	(238,322)
At 2 July 2020	590,141	217,378	491,780	103,688	813,778	2,216,765
<b>Carrying amount</b>						
At 2 July 2020	327,378	55,459	-	7,070	309,904	699,811
At 31 March 2019	442,395	69,914	8,871	17,547	-	538,727

### 11 Inventories

	2020	2019
	£	£
Raw materials	108,502	135,080



# WORKSHOP TRADING (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 JULY 2020

### 12 Trade and other receivables

	2020 £	2019 £
Trade receivables	150,330	143,595
Other receivables	10,941	64,917
Prepayments and accrued income	52,312	37,597
	<u>213,583</u>	<u>246,109</u>

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

### 13 Liabilities

		Current 2020 £	2019 £	Non-current 2020 £	2019 £
	Notes				
Borrowings	14	-	-	316,861	5,191,661
Trade and other payables	15	5,838,770	554,583	99,428	-
Taxation and social security		132,475	40,323	-	-
Lease liabilities	16	-	-	336,425	-
		<u>5,971,245</u>	<u>594,906</u>	<u>752,714</u>	<u>5,191,661</u>

### 14 Borrowings

	Non-current 2020 £	2019 £
<b>Borrowings held at amortised cost:</b>		
Directors' loans	-	1,150,134
Other loans	-	143,008
Loans from parent undertaking	-	425,527
Loans from related parties	316,861	3,472,992
	<u>316,861</u>	<u>5,191,661</u>

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

# WORKSHOP TRADING (LONDON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 JULY 2020

### 15 Trade and other payables

	Current 2020 £	2019 £	Non-current 2020 £	2019 £
Trade payables	304,568	410,912	-	-
Amounts owed to fellow group undertakings	5,517,493	-	-	-
Accruals and deferred income	728	22,327	-	-
Other payables	15,981	121,344	99,428	-
	<u>5,838,770</u>	<u>554,583</u>	<u>99,428</u>	<u>-</u>

### 16 Lease liabilities

	2020 £	2019 £
<b>Maturity analysis</b>		
In two to five years	<u>336,425</u>	<u>-</u>

Lease liabilities 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:

	2020 £	2019 £
Non-current liabilities	<u>336,425</u>	<u>-</u>

### 17 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 £23,249 (2019 - £4,782).

### 18 Share capital

	2020 Number	2019 Number	2020 £	2019 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary shares of 1p each	62,258	62,258	623	623
B Ordinary shares of 1p each	<u>1,800</u>	<u>1,800</u>	<u>18</u>	<u>18</u>
	<u>64,058</u>	<u>64,058</u>	<u>641</u>	<u>641</u>

## WORKSHOP TRADING (LONDON) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 JULY 2020

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**19 Share premium account**

	2020	2019
	£	£
At the beginning and end of the period	<u>1,724,645</u>	<u>1,724,645</u>

**20 Ultimate parent company and controlling party**

The company is a 100% subsidiary of Workshop Trading Holdings Limited, a company registered in England and Wales. The Company's ultimate parent company is Barkby Group Plc, a company listed on AIM and registered in England and Wales.

The results of the Company are consolidated in the group financial statements of Barkby Group Plc which are available at [www.barkbygroup.com/investor/documents/](http://www.barkbygroup.com/investor/documents/), or by writing to Barkby Group PLC, 115B Innovation Drive, Milton Park, Abingdon, Oxfordshire, OX14 4RZ. Barkby Group Plc is considered the Company's ultimate controlling party.