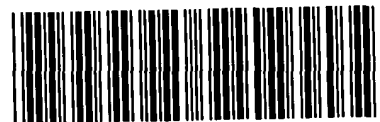


We are
Barkby.

Annual report and financial accounts 2020

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COMPANIES HOUSE

We are Barkby.

We are built on a history of entrepreneurship and business acumen, with a diverse portfolio of businesses within evolving markets.

Relevant.

We are a diverse portfolio of businesses providing services and products to meet current and future needs, within evolving markets.

 **pg2**

Restless.

We are focused and committed in constantly seeking out new opportunities and delivering value to all our stakeholders.

 **pg10**

Respected.

We are built on a history of entrepreneurship and business acumen, recognised and trusted for our expertise and experience.

 **pg28**

2020 highlights

Financial highlights

The composition of the Consolidated Income Statement is summarised below:

	2020	2019	Change
Revenue (£m)	12.0	12.3	-0.3
Operating loss (£m)	-2.3	-0.2	-2.1
Loss before tax (£m)	-3.1	-0.7	-2.4
Net (decrease) / increase in cash (£m)	-1.2	-	-1.2
Basic earnings per share (pence)	-2.69	-0.77	-1.92
Net assets / (liabilities) per share (pence)	3.71	-3.72	7.43

Operational highlights

Reverse Takeover

The Barkby Group expanded its activities to include real estate development following a reverse takeover by businesses under the control of the Dickson family. Barkby moved from NEX to the AIM market and completed a £5m equity placing at the same time. The transaction completed on 7 January 2020.

Covid-19

In the second half of the financial year, Barkby's hospitality and consumer division was impacted by the Covid-19 pandemic due to its impacts on consumer behaviour as well as enforced trading restrictions. Barkby benefited from its diversity, with longer-term property development projects providing positive cash flow to support the most impacted businesses.

Outlook

As we come out of lockdown, our pubs and coffee business are poised for significant growth and a return to profitability. The Group's Life Sciences investments in Cambridge Sleep Sciences and Verso Biosense are progressing well. The Group is in a strong position to benefit from the lifting of government lockdown restrictions and we look forward to the next 12 months with confidence.

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View the latest information at:
www.barkbygroup.com

Group at a Glance

We are a diverse portfolio of businesses providing services and products to meet current and future needs, within evolving markets.

Releva

Overview

The Barkby Group PLC is a diversified group of high growth, high quality businesses run by an entrepreneurial and experienced management team. The existing wholly owned businesses within Barkby include; Commercial Property Development, Barkby Hospitality (comprising Barkby Pubs and Workshop Coffee) and Centurian Automotive Ltd.

In addition to these businesses, Barkby Life Sciences has invested in Verso Biosense, a digital health company aiming to transform

Women's Health with precision medicine, and Barkby's subsidiary Cambridge Sleep Sciences Ltd has launched, SleepHub, a device which improves and facilitates natural sleep.

Barkby's strategy is to accelerate and maximise opportunities within its existing businesses. During the Covid-19 pandemic, Barkby's diversification has been a significant strength enabling financial and operational support across the group.

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Our businesses

Real Estate

Our Commercial Property Development specialises in developing contract backed sites in the South East of England. The Company has a proven profitable track record of sourcing and developing commercial property projects.

 For more details see
pg13

Consumer & Hospitality

Barkby Group's Consumer & Hospitality portfolio is comprised of three separate businesses: Workshop Coffee, Barkby Pubs and Centurian Automotive.

 For more details see
pg15

Life Sciences

Cambridge Sleep Sciences creates innovative products that help improve quality of life through natural sleep.

Verso Biosense is a digital health company aiming to transform Women's Health with precision medicine.

 For more details see
pg19

Investment case

1.

Proven track record of sourcing and developing profitable commercial property projects in South East England.

The team has successfully completed over 20 schemes. We target a predictable EBITDA margin on each scheme of at least 20% with gross development value excluding land of between £3m and £20m. We retain a low overhead, capex light business model allowing us to maximise profits.

Strong long-term relationships with national occupiers across retail, quick food service and trade sectors. Recently signed tenants include Aldi, Costa Coffee, Greggs, Just Tyres, MKM Building Supplies and Sixt Car Rental.

2.

Flexible approach enables Barkby to adapt to tenant requirements and maintain a robust future development pipeline.

A tenant-led approach allows Barkby to adapt quickly to changes in commercial property trends, whilst contractually agreeing all aspects of the development before committing.

Barkby aims to maintain a development pipeline totalling at least £30m gross development value. At present, Barkby has 7 active developments with expected gross development value in excess of £40m.

We continue to evaluate new opportunities and add to our development pipeline.

3.

Award-winning hospitality operator focussed on premium pubs with rooms and speciality coffee

Barkby operates a boutique hospitality business focused on premium pubs with rooms located in Oxfordshire, Gloucestershire, Berkshire and West Sussex. The portfolio has grown to six premises following the addition of The Harcourt Arms, a 17th century village pub that holds 2 AA Rosettes, 5 AA Gold Stars and has ten high-quality rooms. We are currently in negotiation to add a further site and aim to grow our estate to 12 pubs by the end of our 2023 financial year.

Workshop Coffee is a speciality multi-channel coffee roaster that operates four coffee shops in central London as well as offering wholesale, coffee hardware and a coffee subscription service.

 For more details see **pg13** For more details see **pg13** For more details see **pg15**

4.

Combining stable cash-generative business with growth potential alongside exceptional upside opportunities in Life Sciences

Barkby's strategy is to accelerate and maximise opportunities within its existing businesses as well as sourcing, investing in high-growth opportunities. The group structure aims to combine stable, cash generative businesses with growth potential alongside high-growth opportunities with the potential to disrupt. Barkby's real estate and hospitality divisions provide a stable platform to support the high-growth opportunities within life sciences.

In addition, the group is able to pool operational excellence and best practice, as well as efficient support functions beyond the capacity of the individual companies.

5.

Well placed to succeed as Covid-19 lockdown restrictions reduce

Barkby has weathered the COVID-19 pandemic largely due to the support of its cash generative commercial property development business, where activity has resumed apace.

As we come out of lockdown, our pubs and coffee business are poised for significant growth and a return to profitability.

The Group's investments in SleepHub and Verso Biosense are performing well and we look forward to the next 12 months with confidence.

6.

Exceptional businesses driven by exceptional people

The group and individual businesses are run by experienced and entrepreneurial management teams with a proven track record of sourcing and executing investments in growth businesses.

However, the common key to success across all Barkby's business is the importance of attracting exceptional employees, empowering them to succeed and developing a culture of excellence. Supporting the development of our people is at the core of Barkby's operating ethos and is expected from every member of the Barkby team.

 For more details see
pg10

 For more details see
pg6

 For more details see
pg28

Chairman's statement



Barkby has weathered the COVID-19 pandemic largely due to the success of our highly cash generative commercial property development business and activity has resumed apace.”

The 2020 financial year was transformational for Barkby following the combination of the Tarncourt property business and Workshop Coffee into Barkby's existing pub and automotive businesses, as well as expansion into Life Sciences business with exceptional market potential.

Introduction to Governance

The Chairman's Introduction to governance has been provided at the start of the Governance Report.

 For more details see **pg28**

At the point of the Reverse Takeover, Barkby moved from NEX to the Alternative Investment Market in January 2020 and raised new capital to further expand the group. Despite quickly facing some of the most challenging trading conditions experienced in many years, the Group has completed its initial integration and has a clear pathway to generate significant value for shareholders.

Covid-19 Pandemic

Barkby has weathered the COVID-19 pandemic largely due to the success of our highly cash generative commercial property development business and activity has resumed apace.

Our diversified structure and strategy has allowed us to support the most heavily impacted businesses without a significant increase in external bank debt or equity funding from shareholders since the acquisition. During the year, the Dickson family provided £2.0m of funding via the Tarncourt lending facility, which was put in place at the point of the IPO, and subsequently increased this facility to £5m to provide further liquidity.

Outlook

Whilst the periods of lockdown and trading restrictions have been challenging, Barkby has taken the opportunity to develop its team, establish improved systems and processes, and prepare its own roadmap to unlocking the exciting potential across the group.

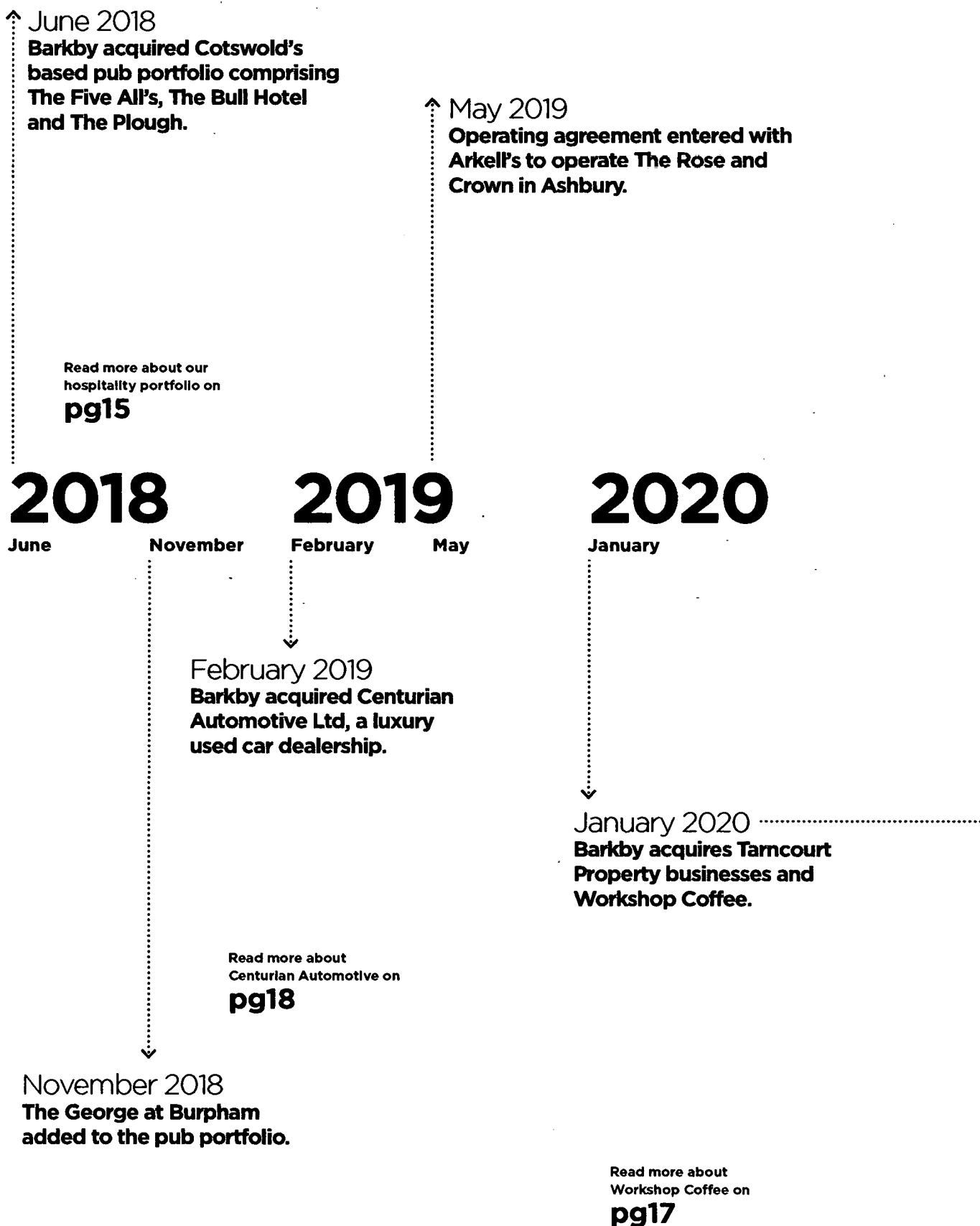
Our property development pipeline is well established, and several key developments are ready to build. Our pubs and coffee business are poised for significant growth and a return to profitability. The Group's investments in SleepHub and Verso Biosense are performing well. The diversification of the business means that the Group is in a strong position to benefit from the lifting of government lockdown restrictions, and we look forward to the next 12 months with confidence.

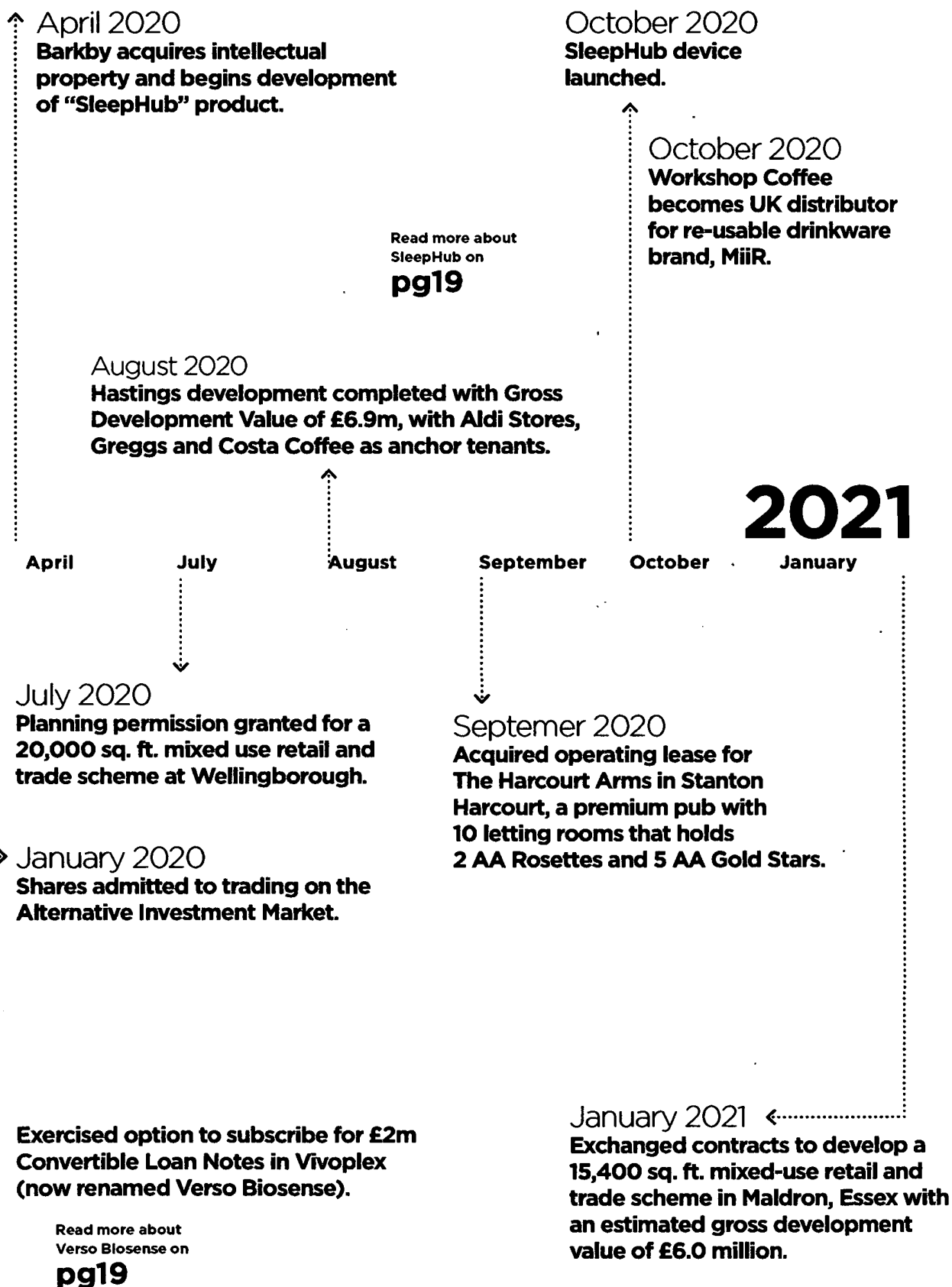
I would like to thank all our customers, suppliers, landlords, lenders and shareholders for their continued support during the period.

Finally, I would like to recognise our most important attribute, our people, who have demonstrated solidarity and commitment across the group. Despite substantial changes within the business, and the impact of events outside our control, I have been hugely impressed and proud of the attitudes shown across the Barkby teams. I have full belief and confidence in our teams and their ability to deliver the group's potential for success.



Charles Dickson
Executive Chairman





Our approach

We are focused and committed in constantly seeking out new opportunities and delivering value to all our stakeholders.

Restle

Overview

Barkby has a clear and focussed strategy centred around the following:

Accelerate and maximise opportunities within the Group's established businesses

Source and invest in cash generative businesses or those with exceptional market potential and the ability to disrupt.

- Active strategic and operational involvement
- Sector agnostic
- Look for beneficial synergy with existing businesses
- Flexible investment structures with preference to wholly own or exercise significant control over businesses

SS.

Barkby Ethos

Customer Focus

An emphasis of our businesses is to provide exceptional customer focus, care and service. This approach is at the heart of our hospitality businesses, is a distinguishing feature of Centurian Automotive and is the fundamental strength of our property development business model.

Premium quality

Understanding what it takes to successfully provide a premium product and experience is a consistent area of expertise across the Barkby Group.

Enable and empower teams

Barkby operates as a functional integrated group. The diverse experience of our teams provides unique insight and skills for the benefit of the overall group. Our open culture promotes shared expertise, support and honest feedback across a flat organisational structure.

Business and Financial Review

The 2020 results include Real Estate and Workshop Coffee for an extended period with the trading of the existing Barkby businesses included from 7 January 2020.

The 2020 financial year provided many highlights for Barkby Group as it expanded its pub and automotive businesses into a larger group that now includes Real Estate, Workshop Coffee and a growing Life Sciences division.

Following the acquisition in January 2020, Barkby had a brief period as an enlarged group before the Covid-19 pandemic impacted trading. It is therefore difficult to provide meaningful analysis of underlying trade during this period.

Barkby adopted a consistent approach to financial control during the pandemic, balancing cost control and cash preservation with the delivery of planned initiatives to improve our businesses. Focussing on our business planning has supported our view that the combined group provides financial, strategic and

operational benefits beyond the capacity of each individual company.

We utilised the Furlough scheme to support our workforce during the period and provided additional top-up payments to support team members who may not have been eligible under the scheme. We have an engaged team that is passionate and clearly focussed on delivering sales growth targets and improved profitability in future trading periods as we deliver exceptional service to our customers.

	Period	Revenue
Real Estate	April 2019 to June 2020	£4.5m
Workshop Coffee	April 2019 to June 2020	£2.9m
Barkby Pubco	January 2020 to June 2020	£0.6m
Centurian Automotive	January 2020 to June 2020	£4.0m
Total		£12.0m

Property Development

Market Overview

Barkby Real Estate sources and develops commercial property schemes predominantly based in the South East of England. Barkby specialises in mixed-use trade and retail parks including retail warehouses, car dealerships, storage, industrial, leisure and quick food service.

Land Acquisitions and Planning

As a result of the Covid-19 pandemic, land acquisition deals have become easier with less competition from buyers. We believe this is partly driven by lower activity levels as well as a perceived uncertainty over future tenant demand and the time required to agree leases.

The Government has published fresh proposals for radical reform of the land use planning system. The most significant changes aim to improve the slow and complex system of local development plans. We believe that future legislation has the potential to reduce development timeframe and associated costs.

Tenant Demand

The Covid-19 pandemic has accelerated some of the existing underlying real estate trends, such as increased online delivery and working from home. Whilst this has added some uncertainty to tenant-demand in certain sectors, others have remained relatively insulated or even seen growth. Due to our flexible tenant-led approach, Barkby can focus its activity to match tenant demand. We have seen a shift away from traditional retail parks, however demand from trade and quick service food tenants has been robust.

Each development project is expected take approximately 18-24 months to complete, therefore many tenants adopt long-term views in their expansion strategies.

Each development project is
expected take approximately

**18-24 months
to complete**

Business Model and Strategy

Barkby follows a capex light business model to de-risk the development process and ensure clear financial visibility over the lifecycle of each scheme. Barkby does not purchase land speculatively, but secures land under purchase agreements that are subject to obtaining the required planning consents for the scheme.

Barkby follows a tenant-led approach built on established relationships with a broad range of national occupiers and other key tenants. This gives clear visibility of potential tenant's geographical growth strategies and allows Barkby to confirm tenant interest in a proposed scheme at an early stage.

A pre-let threshold of 70 per cent is targeted before commencing construction. Typical tenants of Barkby schemes include Aldi Stores Limited, Greggs Plc, Costa Limited, MKM Building Supplies Limited, Travis Perkins plc, Halfords Group Plc and others.

In line with its tenant-led approach, Barkby adopts a pro-active approach to land acquisitions. This approach can require a land-assembly of multiple parcels of land and often includes off-market purchases.

Once a contracted development site has been obtained, planning applications are submitted and prospective tenants execute 'agreement to lease' documentation. After planning has been granted and the future tenants are legally committed to the scheme, developments are forward funded with institutional buyers, who fund costs incurred to date and commit to fully fund construction through to completion via monthly payments. The scheme is then built on a fixed price contract. In some instances, development finance is used before selling the completed scheme.

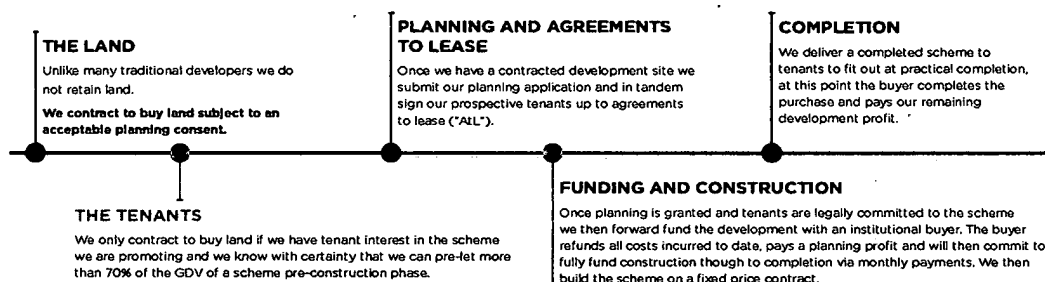
The completed scheme is then delivered to the tenant to fit out at practical completion, at which point the institutional buyer completes the purchase and pays the completion profit due.

**A pre-let
threshold of 70%**
is targeted before commencing construction

Business and Financial Review continued

Our process

A low capital intensive process that produces high returns



The whole process is usually 18-24 months from start to finish, with planning and site assembly taking c.9-12 months and funding and construction taking c.9-12 months.

Barkby Real Estate specialises in projects with a gross development value of between £3.0 million and £20.0 million and targets a predictable EBITDA margin of at least 18 per cent. on each project. Our current pipeline includes seven schemes with expected gross development value in excess of £40m.

Covid-19 has resulted in delays to the commencement of some planned developments, with tenants taking longer than normal to agree commercial terms.

However, there remains a strong interest in the Group's upcoming schemes from tenants, as outlined below:

Saffron Walden

The land was acquired by the Company in 2010 and is still held at book cost. A series of successful planning applications have been made since the land was acquired, and the site now has planning permission for the construction of 35 residential units. We have exchanged contracts to sell the site for c.£2.85m which will result in a profit on sale of £1.8m. Completion of the sale is expected during the summer of 2021.

Wellingborough

On 9 July 2020 we obtained planning permission for a 20,000 sq. ft. mixed use retail and trade scheme. After further discussions with the local planning authority, we are likely to make a further planning application to add a drive-thru fast-food restaurant on the front of the site to meet a pre-identified requirement from a national branded operator. Construction is due to start in autumn 2021.

Maldon

We exchanged contracts on a development site in Maldon, Essex. We have entered into legal negotiations with four prospective tenants who will sign pre-let agreements for occupation at completion of the re-development. We are proposing to develop a 15,400 sq. ft. mixed-use retail and trade scheme at the site and we are working to submit a planning application shortly. We are planning to start construction in the autumn.

Huntingdon

We submitted a planning application for a 30,000 sq. ft trade scheme at Huntingdon last year and have subsequently amended the application to take into account the change in tenant requirements. We expect to get planning this year and start on site in around 12 months.

Financial Review

Revenue and costs are recognised across the life of each scheme and can often span multiple financial periods. Further details of our revenue recognition policy can be found on page 59.

Construction work at our Hastings development, which is anchored by Aldi Stores, Greggs and Costa Coffee, completed in June 2020 and practical completion was granted in August 2020. Hastings Borough Council completed their purchase of the site, resulting in a net balancing payment receipt of £1.8m. Due to the significant delays in completion at Hastings, the profit recognised in the current financial year was reduced.

Hospitality & Consumer – Barkby Pubco

Market Overview

The hospitality market has been significantly impacted by Covid-19. Industry representative bodies have repeatedly highlighted the financial difficulties faced by all operators and the risk that many venues may not survive.

This has particularly hit wet-led pubs, those dependent on office-workers and businesses that promote congested use of space such as music venues, late-night bars and nightclubs.

Barkby operates premium pubs with rooms located predominantly in the Cotswolds and West Sussex. We anticipate this segment of the market to be one of the earliest to recover when trading restrictions are lifted in 2021. This is due to our large footprint properties that are able to operate in a Covid-secure way with minimal interruption. We also anticipate increased demand for domestic holidays from UK residents as a result of reduced confidence and appetite for international holiday travel alongside enforced travel restrictions.

Business Model

Barkby Pubs is a boutique hospitality business focused on premium pubs with rooms located in Oxfordshire, Gloucestershire, Berkshire and West Sussex.

Barkby Pubs' proposition is led by excellence in food and service, showcasing the best of English produce,

alongside a passion for creating memories and delivering incredible hospitality. Barkby Pubs seeks to create premium individual pubs with accommodation to address the trend away from branded pubs and large hotels. Barkby offers market-leading pub food and exemplary service, providing classic and sophisticated modern British cuisine with seasonal and artisan ingredients alongside local produce.

Barkby Pubs' proposition is led by excellence in food and service, showcasing the best of English produce, alongside a passion for creating memories and delivering incredible hospitality. Barkby Pubs seeks to create premium individual pubs with accommodation to address the trend away from branded pubs and large hotels. Barkby offers market-leading pub food and exemplary service, providing classic and sophisticated modern British cuisine with seasonal and artisan ingredients alongside local produce.

Barkby Pubs operated six premises during the year, with a total of 55 rooms. Each pub has its own website to take bookings, display menus, advertise upcoming events and give an impression of the atmosphere. Marketing is managed centrally with regular newsletters and local media as well as increased social media presence and digital storytelling to create an authentic connection with our customers.

Barkby Pubs.

Boutique hospitality business focused on premium pubs with rooms located in Oxfordshire, Gloucestershire, Berkshire and West Sussex.

Six premises during the year, with a total of
55 rooms



See more online at
<https://thefiveallsfildkins.co.uk>

Business and Financial Review continued

Hospitality & Consumer – Barkby Pubco continued

Strategy

Our focus is to maintain the individual character and uniqueness of each location, whilst implementing operational best practice. In the next 12 months, we will invest in an improved labour planning model as well as stock control systems and processes. These activities are expected to increase the underlying profitability across the estate.

Barkby has invested in developing its people, systems and processes so that it is ready to expand rapidly and acquire further sites. We have developed a site acquisition methodology to ensure new pubs fit our operational model and required financial returns. We will target a combination of leasehold and freehold acquisitions.

After the year end, Barkby added The Harcourt Arms to its portfolio. The Harcourt Arms is a 17th century village pub that holds 2 AA Rosettes and 5 AA Gold Stars. The property has been fully refurbished to the highest standards and provides nine high-quality letting rooms and one master suite.

We continue to look for premium pubs with rooms in our target geographies and are in negotiations on several potential sites. It is our intention to grow the portfolio to 12 pubs by the end of the 2023 financial year.

Financials

Following the reverse take-over on 7 January 2020 and the impact on trading of Covid-19 it is difficult to ascertain the underlying performance of the business during this period. The consolidated financial statements include a brief period of normal trading in the months of January and February 2020, which are normally the quietest trading months of the year.

The impact of the pandemic was then experienced from early March after reports of the spread of Covid-19 and government advice to avoid social contact. This was followed by an enforced lockdown announced from 23 March 2020. Therefore, Covid-19 impacted at least 17 weeks of trading, with 15 weeks spent under enforced closure. This impacted the key spring and early summer trading periods, during which a significant portion of annual profits are normally earned.

We have worked hard to maintain good communication and work in a collaborative way with our employees, suppliers and landlords during this difficult time.

The pub business made an operating loss of £0.5m excluding depreciation, amortisation and interest expense, during the 25 week period from the reverse take over until the year end.

Hospitality & Consumer – Workshop Coffee

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

Market Overview

As with Barkby's pub business, Workshop Coffee was also 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 Webshop, 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.

Business Model

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.

Retail

Workshop operates four coffee shops in central London. 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.

Strategy

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.

Financials

Workshop made sales of £2.9m in the 15 months to June 2020 (12 months to March 2019: £2.3m) and generated an Operating loss of £0.8m (12 months to 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.

Business and Financial Review continued

Centurian Automotive

Market Overview

Centurian Automotive is a Luxury and Supercar automotive dealership with a fast growing and differentiated online digital presence.

Centurian distinguishes itself within the Automotive industry with its innovative customer journey and customisable product.

Centurian's client base has been established over 14 years and boasts a substantial, loyal customer list as well as engaging with new and aspirational future clients through its social media platforms.

Trading trends have been impacted by Covid-19 due to changes in consumer behaviour alongside enforced trading restrictions. However, out of the crisis has come an advancement in innovation, with new online used car advertising platforms emerging to compete with established websites and the launch of home-delivery services.

Business Model

Centurian prides itself on best-in-class customer experience and aims to differentiate itself from other automotive dealerships through its superior customer service, this reflected in its glowing customer reviews with a 4.9% average Google and Autotrader ranking.

Centurian holds between 100 -150 hand picked vehicles. Approximately 60-70% of these vehicles are then bespoke commissioned by the client to give a unique look to the vehicle. Bespoke sales generate higher margins and provide a unique selling point due to exclusive manufacture of customised products under licence.

Centurian works closely with major consumer finance companies, which enables the client experience to follow through to completion seamlessly. All external parties and contractors are expected to follow the same high Quality Control level expected by Centurian throughout the client journey. This leads to long term and trusted relationships with our suppliers.

Strategy

Currently Centurian has a single site in Kettering, Northamptonshire. The management team are reviewing options to expand Centurian to a second site increasing the customer focus and journey following a refinement of the business model.

In response to the acceleration in remote car viewing and enquiries, Centurian has significantly increased its digital presence and has started to generate increased sales and profits as a direct result of the outreach and appeal from digital activity.

Financials

Centurian sales and cash flow remained robust despite the trading restrictions. The business generated sales of £4.0m in the 25 week period from the date of the reverse take over until the year end. An average margin of 6.5% was made on car sales, compared with a typical reported UK average of 4.90%.

Centurian generated a net loss for the 25 week period of £151k.

Life Sciences

Cambridge Sleep Sciences

During the year, Barkby acquired the intellectual property rights to develop a device that delivers scientifically formulated sounds to improve and facilitate natural sleep. The "SleepHub" product was subsequently launched in November 2020.

The importance and benefits of sleeping patterns continue to be an area of focus in health and wellness. The market is relevant to both those with sleeping dis-orders as well as people wanting improvements in every-day sleep.

Since launch, SleepHub has received positive reviews in major publications including The Telegraph, The Daily Mail and Metro. SleepHub has also featured in magazines such as Ideal Home alongside a number of health and wellbeing titles.

We have recently established sales partnerships with British Airways, Virgin Atlantic, the Defence Portal and Blue Light Card and have a pipeline of additional sales partners lined up. SleepHub is due to launch on Amazon in March, following the completion of a distribution agreement with Softline UK.

We have also engaged with several major sports teams and brands who recognise the benefits of sleep for elite performance athletes, with trials commencing over the coming months.

There are significant opportunities in the Healthcare space and CSS intends to carry out additional clinical studies within the coming year to clinically validate the benefits of our technology. We are also specifically looking at trialling the device in disease areas where Insomnia is a significant symptom. We have seen some positive early sleep improvement signals in patients with Parkinsons Disease and have entered into a collaboration agreement with Parkinson's Concierge to explore this further.

Cambridge Sleep Sciences incurred development, marketing and administrative costs totalling £293k during the period.

Verso Biosense Ltd (formerly known as Vivoplex)

Our female health investment has now been rebranded to Verso Biosense ("Verso").

Verso has continued to make good progress since Barkby's initial investment of £2.0m in January 2020. Engineering breakthroughs have led to major improvements in chip sets, monitoring functions, electronics and garment design. The team will move into a clinical study in Q2 2021 and are looking to sign up commercial and clinical partners during the first half of 2021.

The discovery of novel, new data in the uterine environment for the very first time has huge potential to unlock meaningful patient

data, changing diagnostic paradigms and optimising treatments across IVF/fertility, endometriosis, fibrosis, menopause and oncology. The broadening of disease areas that Verso's wireless powered battery free uterine monitoring platform can address has shown the commercial opportunity to be very significant

A further investment of £500,000 was made in August 2020 in the form of a Convertible Loan Agreement.

Principal Risks and Uncertainties

The Board is responsible for reviewing risks to ensure that the business is not exposed to unnecessary or inappropriately managed risks.

Risk	Potential Impact	Mitigation
Global or Regional Pandemic		
The COVID-19 virus and actions to protect public health may impact Barkby's divisions.	Ongoing infection rates may lead to delays or disruption to the property development pipeline, loss of access to physical sites impacting ability to trade and reduced customer demand.	<p>Diversified group structure and industry exposure, alongside multi-channel retail opportunities gives the group the option to focus activity on less impacted divisions, which can in turn support any business that is significantly impacted.</p> <p>The Group has proven its capability to work remotely for extended periods.</p> <p>The Group's response to the unforeseen pandemic has resulted in many operational changes to help mitigate the impacts of potential future outbreaks.</p>
Economic and Political Factors Beyond the Group's Control		
A downturn in the macro-economic climate may impact demand generally across our businesses.	The Board has planned for a variety of potential scenarios including mitigations for any fundamental reduction in demand.	The medium-term impact of Covid-19 is uncertain, meaning the Group has had to plan for a wider range of outcomes.
Costs may be increased by changes to government policy, including tax changes or other legislation.	<p>The Board considers the Barkby businesses to have a relatively flexible cost base, with limited contracted fixed costs.</p> <p>The diversified structure of the group allows us to focus resources on the best relevant opportunities and enables the broader group to support individual business challenges.</p>	The Group's cost base has been tightly controlled with limited additional funding required during the financial year.
Land Acquisition and Planning Risk		
The property development pipeline is dependent on sourcing land and obtaining planning permission to meet tenant demand.	Due to the nature of site acquisitions and planning applications, there is an inherent element of timing uncertainty and project feasibility which could impact the development pipeline.	<p>The management team seeks to maintain an active forward looking pipeline to provide sufficient time to prepare sites for development.</p> <p>The current development pipeline includes 7 active schemes with an estimated Gross Development Value in excess of £40m.</p>
Real Estate Tenant Demand		
Barkby Real Estate follows a tenant-led approach that identifies development opportunities in response to tenant demand.	Barkby has developed a range of commercial development types and maintains close links with tenants spanning a range of industries.	Close communication and strong relationships enable us to anticipate and react to changes in demand.
Changes in tenant demand trends must be identified and responded to.		<p>We have noticed a change in demand from certain sectors of retail.</p> <p>Demand for mixed-use schemes including quick service food retail and trade parks remains robust.</p>

Risk	Potential Impact	Mitigation
Changes to Hospitality and Consumer Tastes		
The hospitality industry as a whole has been negatively impacted by Covid-19, uncertain consumer confidence and enforced closures.	The Board has planned for a variety of potential scenarios including mitigations for any contraction in demand.	The Board believes that the pub portfolio is well positioned to return to profitable trading in line with the current government road map. This is due to its less congested food-led offer and locations that we expect to benefit from staycations.
Short and medium-term consumer behaviour and trading levels remain uncertain.	We have maintained close communication with suppliers and landlords to ensure we can return to normal trading conditions quickly and efficiently.	Workshop Coffee has exposure to the London retail market, which management expects may take longer to recover.
Innovation and New Product Development		
Barkby holds an investment in Verso Biosense and is the majority shareholder of Cambridge Sleep Sciences.	There is inherent uncertainty around timing and cash requirement associated with innovation.	Cambridge Sleep Sciences has brought its first product "SleepHub" to market, and initial direct sales and progress with B2B distribution agreements is positive.
Both of these businesses require successful product development and to bring new products to market.	Market reception and the speed of initial sales is also difficult to predict, which creates an element of uncertainty in financial planning.	Management continue to monitor sales levels and review sales forecasts accordingly.
		Cost control and marketing campaigns are planned and reviewed to ensure resources are allocated to the most effective sales channels.
		Verso Biosense has a clear path to commercialisation and has continued to de-risk this exposure as key milestones are met. The next milestone is a "UKCA" which is expected to be obtained by the end of 2021.
Key Management		
Loss of key personnel could impact the Group's ability to implement its strategy and intended pace of growth.	Business plans and initiatives are prepared with input from a range of personnel to reduce reliance on single individuals.	Barkby has strengthened its management teams since completing the Reverse Take Over, including key appointments of Chief Financial Officer, Operations Director at Barkby Pubco and new Head of People role.
		The Remuneration Committee seeks to ensure rewards are commensurate with performance and aid retention.

Section 172 Statement

The Board believes that to maximise value and success in the long term it must engage and consult effectively with all stakeholders in order to develop mutually beneficial relationships with them and to make the best business decisions.

S172 Statement

As required by s172 of the Companies Act 2006, a director of a company must act in the way he considers, in good faith, would most likely promote the success of the company for the benefit of its shareholders. In so doing, the director must have regards amongst other matters to the:

- Likely consequences of any decision in the long term
- Interests of the company's employees
- Need to foster the company's business relationships with suppliers, customers and others
- Impact of the company's actions on the community and environment
- Desirability of the company maintaining a reputation for high standards of business conduct
- Need to act fairly between members of the company

Our Stakeholders	Material Topics	How we engage
Employees		
We have very committed and experienced teams running our business. Many of our business are "people businesses" and our employee's interactions with customers and other stakeholders are critical to our success.	<ul style="list-style-type: none"> • Opportunities for development • Determining the working environment • Opportunities to share ideas and initiatives • Group's financial performance 	Management teams utilise a range of communication protocols, such as company-wide emails and on-site meetings with senior management to ensure effective communication and collaborative working relationships.
Our group structure includes employees with specific divisional expertise as well as employees who perform a group function across divisions. Continuing to develop and maintain an environment in which all employees can thrive and support each other is very important to Barkby.		We have an open and collaborative style which ignores hierarchy. Our teams work closely together and therefore build close relationships. There are a lot of opportunities to share ideas and to understand new initiatives informally.
Shareholders		
As a listed business, we recognise the important role that shareholders play in providing capital, insight into successful strategies, advice on risks to be avoided and in monitoring and safeguarding the governance of the Group.	<ul style="list-style-type: none"> • Financial and operational performance • Business strategy and model • Market conditions • Capital allocation • Dividend policy 	We are very conscious of the need to actively communicate with shareholders. We achieve this through our AGM, our RNSs, our website and via contact through our advisors. Our Non-Executive Directors are available to meet with shareholders to discuss governance matters.
Banks		
Our banking partners play an important role in our business and help us to take advantage of opportunities. We maintain close and supportive relationships through open communication and mutual understanding.	<ul style="list-style-type: none"> • Financial and operational performance • Strategy • Market and opportunities • Cash generation 	We maintain regular contact with our banking partners and host meetings to provide updates on our current performance and strategy. We regularly supply financial information and commentary to lenders as required under borrowing agreements.

Our Stakeholders	Material Topics	How we engage
Suppliers		
<p>We value our supplier relationships and recognise the contribution they make to the success of each of our businesses.</p> <p>To remain as a provider of a market-leading premium offering that appeals to new and existing customers, it is important that the company fosters mutually beneficial relationships with the best suppliers.</p>	<ul style="list-style-type: none"> • Group's financial performance • Growth plans • Credit arrangements • Quality control procedures • Collaborative approach to product innovation 	<p>We maintain close relationships and regular communication with our suppliers. The nature of the supply relationships varies across our business, but we maintain a consistent, collaborative approach.</p> <p>The Covid-19 pandemic has resulted in elements of uncertainty and changing supply requirements. We thank all of our suppliers for their support during this period.</p>
Regulators		
<p>We recognise the continual push by consumers, society and government for protection through regulation. Regulators clearly have an important role to play in the development of the economy and the property sector. Compliance to high standards is at the core of our values and our focus on respect.</p>	<ul style="list-style-type: none"> • Compliance with the legislation • Openness and transparency • Lack of relationship between regulators and sector • Capabilities of representative bodies 	<p>We have grown accustomed to reacting to change. We rarely engage directly with Regulators, seeking to rely on our trade bodies to represent us. However, once change is upon us, we seek out advice from Regulators to ensure that we are and remain compliant.</p>
Community		
<p>We are mindful that our customers and other stakeholders often live in the local communities that we serve and therefore have an interest in ensuring that we operate in a respectful manner and maintain the highest standards across our businesses.</p>	<ul style="list-style-type: none"> • Involvement in local organisations • Providing valuable local insight to customers • Sponsorship • Compliance with regulations 	<p>Actively engaging in social media and using the digital marketing techniques at our disposal to provide useful information to local communities. Setting out clearly what we do, how we do it and how we support the local community.</p>

Principal decisions in 2020

Principal decisions in 2020

We have considered the decisions taken by the Board which will have an impact on the longer term performance and prospects for our Group.

Significant decision

On 19 December 2019 Barkby announced that it had entered into conditional agreements to acquire the entire issued share capital of each of Tarncourt Ambit Properties Limited, Tarncourt Ambit Limited and Workshop Trading Holdings Limited, (together the Dickson Controlled Entities) for a total aggregate consideration of £30.6 million through the issue of 102,086,167 Consideration Shares at the Issue Price of 30 pence per Consideration Share, the cash sum of £0.75 million and some contingent deferred consideration.

Alongside the Acquisitions, Barkby announced a Placing and Subscription of £5.0 million, which was subject to Shareholder approval at a General Meeting of the Company. The Acquisitions constituted a reverse takeover under the NEX Exchange Rules, and therefore also require Shareholder approval. Following

Shareholder approval of the transaction, the Enlarged Group was delisted from NEX and admitted to trading on AIM on 7 January 2020.

At the same time, there were a number of changes to the board composition, including the appointment of Charles Dickson as Executive Chairman.

Placing and Subscription of

£5.0 million

Stakeholders affected and engagement

Shareholders

Assessment of the increased potential to generate shareholder value and returns as a larger diversified group.

Regulators

Advisors supported the reverse takeover and AIM admission process

Employees

Set out our strategic objective and the opportunities this may present.

Banks

Updated on our strategic decision, future strategy and potential funding requirements

Reason for decision

The Board at the time believed that the transaction would result in significantly accelerated growth for all businesses in the enlarged group, driven by a strong management team focussed on high growth opportunities.

The experienced and entrepreneurial management team planned to grow Barkby's market presence by investing in cash generative, exciting businesses with the ability to disrupt. Barkby now operates within diverse markets and the Board believed that this presents Shareholders with a low risk investment with significant capital growth potential.

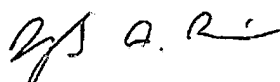
Anticipated effects

The share placing was anticipated to provide investment funding and working capital for both the existing and newly acquired businesses.

The group also anticipated providing positive synergies via resource and knowledge sharing across all business to support and accelerate their growth plans.

Progress

The transaction was completed on 7 January 2020 and Barkby's shares were then admitted to trading on the AIM market. Shortly after this happened the unexpected impact of the Covid-19 pandemic required Barkby to adapt its strategic decisions to manage the group through the pandemic and ensure it was well placed to take advantage of new opportunities and return to trade.

**Douglas Benzie**

Chief Financial Officer
31 March 2021

Sustainability Report

We are committed to championing sustainable and ethical practices both within our group and with the organisations we engage with.

As Barkby grows, we will create expanded policies to ensure clear responsibility and accountability for sustainability across the Group. We plan to collaborate with specialists to increase knowledge and validate the impact of our activity.

Packaging and Waste

A key area of our focus is to eliminate single-use plastic packaging and move to recyclable replacements.

We strive to ensure that production and supply operations minimise both the resources they use and the levels of waste material created. We are particularly focussed on minimising food waste in our hospitality businesses and to divert waste from landfill.

Energy and Carbon

We are working to improve our understanding of the energy we use across the Group. This will enable to us to identify opportunities to reduce usage via innovation, new systems and campaigns.

Sourcing and supply chain

We consider the sustainability credentials of suppliers before engaging with them.

We invest significant time and resources to ensure the quality of our suppliers, which range from local producers to multi-national manufacturers depending on our business requirements.

Our communities

We are privileged to serve a range of communities, from local pub venues to car enthusiasts. Our communities are at the heart of our operations and we ensure our activities provide a positive and valued contribution.

Our team

Our teams are key ingredients in our businesses. We are committed to diversity, inclusion and equality of opportunity, and are making progress on many fronts.

Case study – Workshop Coffee – How we source our coffee beans

As quality-focused coffee roasters, the challenge lies in choosing which coffees will feature in our range with the intention to showcase the best possible year on year.

For us, showcasing the best coffee possible means working closely with the right coffee farmers, producers, exporters and co-operatives; those that are willing to develop, evolve and adapt as together we target ever-improving quality in the cup. Working with the same people each year helps both parties develop quality, however we will always look to foster new relationships with those who are producing great coffee. The search for better coffees is never ending and is a journey we relish.

We focus our travel and purchasing on Ethiopia, Kenya, Rwanda in Africa, the Central American countries of El Salvador, Costa Rica and Guatemala with Colombia, Ecuador and more recently, Peru being our focus in South America. Spending more and more time in these countries wherever possible, our aim is to travel and learn from the people who grow our coffee.

We do also make smaller, occasional purchases from other producing countries such as Uganda and Ecuador if the right coffees come along.

To understand the challenges and opportunities in each of these places, and to locate the specific lots we want to purchase, we make around five trips to producing countries, travelling for around 50 or 60 days of the year.

We make no bold claims about having all the answers, nor about being unique or pioneering in this approach. What we do claim, however, is a genuine and sincere commitment to developing on-going relationships with producers, that facilitate their objectives of better financial reward for their handiwork, and our desire to serve for the best coffee possible.

Governance Report

The Directors recognise the importance of sound corporate governance commensurate with the size and nature of the Group and the interests of its shareholders, customers, suppliers and employees.

Respe

Chairman's Introduction to Governance

In this section of our report we have set out our approach to governance and provided further information on how the Board and its Committees operate.

The Board believes that it complies with all of the principles of The QCA Corporate Governance Code (QCA code). The corporate

governance framework which the Group operates, including Board leadership and effectiveness, Board remuneration, and internal control is based upon practices which the Board believes are proportional to the size, risks, complexity and operations of the business and reflective of the Group's values.

“

The Board believes that it complies with all of the principles of The QCA Corporate Governance Code (QCA code).”

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Board of Directors

Following the Reverse Takeover, Charles Dickson was appointed as Executive Chairman with effect from the AIM admission date. Each of Giles Clarke, Stephen Cook and Duncan Harvey stepped down from the Board on Admission. At the same time Jonathan Warburton and Matt Wood joined the new Board as Independent Non-Executive Directors.

Rupert Fraser remained as Group Managing Director of the Enlarged Group and Jeremy Sparrow remained as an Independent Non-Executive Director. Emma Dark remained as Finance

Director before stepping down in September 2020 at which point Douglas Benzie was appointed as Chief Financial Officer.

Therefore, the New Board now comprises three executive directors and three non-executive directors as follows:

- **Charles Dickson** (Executive Chairman)
- **Rupert Fraser** (Group Managing Director)
- **Douglas Benzie** (Chief Financial Officer)
- **Jonathan Warburton** (Senior Independent Non-Executive Director)
- **Jeremy Sparrow** (Independent Non-Executive Director)
- **Matt Wood** (Independent Non-Executive Director)

Board of Directors

Charles Dickson Executive Chairman (age 38)	Rupert Fraser Group Managing Director (age 52)	Douglas Benzie Group Chief Financial Officer (age 39)
<p>Charles has over 15 years' experience running the Dickson family office, Tarncourt Group, which he has built into a successful and diverse business. Charles began his career with Ernst & Young LLP, where he qualified as a Chartered Accountant before moving to work in Corporate Finance with McQueen Limited (now Houlihan Lokey Limited). Charles is a non-executive director of Apache Capital Partners Limited.</p>	<p>Rupert has over 25 years of experience in the investment banking industry involving exposure to leading UK, US and international institutions. He was Head of Equities at Evolution Securities Limited from 2009 to 2011, prior to which he spent 16 years at Dresdner Kleinwort Limited, where in 2005 he was appointed Managing Director, Global Head of Equity Distribution. Rupert was founding partner of Kildare Partners where he was responsible for investment origination across Europe and the United Kingdom. Rupert is a non-executive director of Woodforde's Brewery.</p>	<p>Doug joined Barkby from Pure, the London based healthy fast-food chain and a Whitbread Plc backed company, where he was Finance Director for three years. Prior to this, Doug held the roles of Group Financial Controller and Chief Accountant at Pret A Manger and was part of the team that helped grow Pret before its sale to JAB Holding Company. Doug began his career at EY where he worked for 8 years in the strategic growth markets practice and qualified as a Chartered Accountant.</p>
Committee membership (N)	Committee membership -	Committee membership -
<p>Committee membership key</p> <p>(A) Audit Committee (R) Remuneration Committee (N) Nomination Committee (O) Chair of Committee</p>		

Jeremy Sparrow

Non-Executive Director
(age 53)

Jeremy is an adviser to Black Swan Equity Partners, the independent multi-family office, and has over 25 years of extensive deal making experience leading equity teams that have raised a combined total of over \$23 billion. He was most recently head of Investec Resource Investment Banking for Asia and Australia, after serving as CEO of Renaissance Capital, where he established the company's first Asian office. Previously, he spent 12 years with Renaissance Capital, as a Managing Director being head of Equity Products in New York and the UK and has also served as Vice President at Morgan Stanley & Co International Plc.

Jonathan Warburton

Non-Executive Director
(age 63)

Jonathan assumed control of the Warburton bakery business in 1991. He first joined the company at the age of 23 after spending time in organisations outside Warburtons to gain insight into the baking industry, as well as experience in sales and marketing experience through his time spent with Unilever. He joined the family business as a member of the Sales Team, progressing to National Account Manager and to Sales Director before he set up the Marketing Team. As Marketing Director, he led the development of Warburtons first ever TV advert. In the decade that followed, Jonathan held the role of Commercial Director and joint Managing Director. Since Jonathan became Chairman in 2001, Warburtons has grown from a small, regional business into the second biggest UK grocery brand behind Coca-Cola Plc. Jonathan has also held Non-Executive director positions with AG Barr and Samworth Brothers.

Matthew Wood

Non-Executive Director
(age 47)

An experienced plc Non-executive director, Matt graduated with a First Class honours degree in Economics in 1996 and qualified as a chartered accountant in 1999.

He subsequently joined the corporate finance department of Beeson Gregory in 2000 where he advised growing companies on transactions including IPOs, secondary fundraisings, M&A and corporate restructuring. Matt also advised corporate clients on the UK regulatory framework including the Listing Rules, the AIM Rules, the Takeover Code and general corporate governance matters. He left Beeson Gregory, by then Evolution Securities, in 2006 to set up ONE Advisory Group, a London-based corporate advisory group providing its Plc clients with Company Secretarial, Corporate Governance and Compliance services as well as outsourced finance function, IFRS conversions and FPPP preparation.

Committee membership

(A)(R)(N)

Committee membership

(A)(R)(N)

Committee membership

(A)(R)(N)

Corporate Governance Report

How the Board Operates

The Board is responsible for the Group's strategy and for its overall management. The strategic report on pages 1 to 27 summarises the Board's approach to promote sustainable long-term growth and value for shareholders. The responsibilities of the Board include matters relating to:

- The Group's strategic aims and objectives.
- The structure and capital of the Group.
- Financial reporting, financial controls and dividend policy.
- Setting budgets and forecasts.
- Internal control, risk and the Group's risk appetite.
- The approval of significant contracts and expenditure.
- Effective communication with shareholders.
- Any changes to Board membership or structure.
- Oversight of the Executive committee

Board Meetings

The Board held scheduled meetings during the period. Those held after the Reverse Take Over were attended in full by the newly appointed board.

Board and Committee meetings provide time for collective discussion and decision-making, but informal communication channels also operate to ensure open dialogue and information sharing with the Non-executive Directors continues between meetings.

The board held a number of unscheduled meetings to discuss specific issues or matters of an urgent nature. In particular, the Board maintained formal and informal communication to discuss the evolving COVID-19 situation, its impact and to determine the Group's response, including identifying opportunities.

Internal Controls & Risk Management

The Board has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. Any such system of internal control can provide reasonable, but not absolute, assurance against material misstatement or loss. However, the Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group.

The principal risks faced by the business are summarised on pages 20 to 21.

Following the reverse take over, the enlarged group initially operated on a number of different finance systems. During the year, a new finance system called Oracle NetSuite, was implemented across the group. NetSuite is considered a best-in-class finance system that has the capacity to grow with the Group as it expands. Having a consistent finance system across

all businesses enables faster financial reporting and improved controls.

The principal elements of the Group's internal control system include:

- weekly management meetings attended by the executive directors and the senior management team from each Group business to discuss strategy as well as day-to-day activities of each business;
- an organisational structure with defined levels of responsibility, which promotes entrepreneurial decision making and agile implementation whilst mitigating risks;
- segregation of duties so no individual can have undue influence or control over an activity, process or transaction;
- a comprehensive annual budgeting process, producing a detailed integrated profit and loss, balance sheet and cash flow, which is approved by the Board;
- detailed monthly reporting of performance; and
- central control over key areas such as capital expenditure authorisation and banking facilities.

The Group continues to review its system of internal control to ensure adherence to best practice, whilst also having regard to its size and the resources available. The Board considers that the introduction of an internal audit function is not appropriate at this juncture, but will keep this under review.

The Board conducts annual reviews of its register of key risks and on a bi-annual basis reviews the risk landscape in detail, including a consideration of risks, likelihood, scale of potential impact and the existence of assurance, mitigation or appropriate contingencies.

Business Culture, Values and Behaviours

Respect is a core value of the Barkby Group that is consistently promoted across every business. The Barkby culture encourages all employees to take responsibility for their actions and to adopt a "Do the right thing" mindset.

Each individual trading division is proud to be part of the Barkby Group and Respect is both an internal attitude between colleagues as well as an objective for Barkby's external perception and reputation.

During the Covid-19 pandemic, we have witnessed a solidarity and commitment across our workforce, which inspires a strong confidence in the group's potential for future success.

As a newly formed group, the Directors acknowledge that it will take time to build a consistent culture. A newly created Head of People role retains primary responsibility for the Group's objectives across Culture, Values and Behaviours. There is a shared belief that true culture is best defined not as a written policy but by the actions of Barkby team members on a daily basis.

Development

The Company Secretary ensures that all Directors are kept abreast of changes in relevant legislation and regulations, with the assistance of the Group's advisers where appropriate. Executive Directors will be subject to the Group's performance review process through which their performance against predetermined objectives is reviewed and their personal and professional development needs considered. An annual performance appraisal of Non-executive Directors will be undertaken by the Chairman as part of the Board evaluation process, at which time any training or development needs will be addressed. Board members attend relevant business conferences and briefings to keep their knowledge of industry trends and compliance requirements up to date.

Conflicts of Interest

At each meeting the Board considers Directors' conflicts of interest. The Group's Articles of Association provide for the Board to authorise any actual or potential conflicts of interest.

External Appointments

As appropriate, the Board may authorise Executive Directors to take Non-executive positions in other companies and organisations, provided the time commitment does not conflict with the Director's duties to the Group, since such appointments should broaden their experience. The acceptance of appointment to such positions is subject to the approval of the Executive Chairman.

Directors' and Officers' Liability Insurance

The Group has purchased Directors' and Officers' liability insurance during the period as allowed by the Group's articles.

Election of Directors

All continuing Directors of the Group will offer themselves for re-election at the Annual General Meeting.

Relations with Stakeholders

The Group maintains communication with a wide range of stakeholders to ensure that their needs, interests and expectations are understood and reflected within the Group's strategy. Customer feedback is collected directly from customers at each business locations and remotely for online customers.

Each business regularly monitors social media and other inbound customer queries and endeavours to respond in a comprehensive and timely manner. We carefully consider how we source products within our supply chain, especially in relation to fresh produce in our pub business and coffee beans purchased by Workshop Coffee.

Employee feedback is sought via regular anonymous surveys, with the opportunity to discuss topics directly with the Head of People, the Board or via an intermediary to present topics on their behalf.

Corporate Governance Report continued

Relations with Shareholders

The Group maintains communication with institutional shareholders through individual meetings with Executive Directors, particularly following publication of the Group's interim and full period results. Private shareholders are encouraged to attend the Annual General Meeting at which the Group's activities are discussed.




General information about the Group is available on the Group's website (www.barkbygroup.com). The Executive Chairman and independent Non-executive Directors will attend meetings with investors and





analysts as required. Investor relations activity and a review of the share register are regular items on the Board's agenda.

Annual General Meeting (AGM)

The Notice of Annual General Meeting and the ordinary and special resolutions to be put to the meeting are included in the Notice of AGM accompanying this Annual Report.

QCA Code Compliance

Governance Principal	Compliant	Explanation	Further Reading
Deliver Growth			
Establish a strategy and business model to promote long-term value for shareholders.	✓	The strategy for each division and the Group as a whole is determined by the Board. Strategic progress milestones are set and tracked between the Directors and senior management.	To find out more about our strategy and business model see  pg10
Seek to understand and meet shareholder needs and expectations.	✓	Regular meetings are held with investors and analysts and the Board regularly considers how decisions could impact and be received by shareholders. Our AGM provides an opportunity for all shareholders to hear from and meet with our Directors.	For more information on our relations with shareholders see  pg22
Take into account wider stakeholder and social responsibilities and their implications for long-term success.	✓	Wider stakeholder responsibilities have been front of mind during the pandemic. The Board identifies the main stakeholders in the business and regularly discusses how employees, suppliers, customers and others might be affected by decisions and developments in the business. We believe that social responsibilities are not only a responsibility but a requirement to be a successful business.	Corporate Governance Report and Sustainability Report
Embed effective risk management, considering both opportunities and threats, throughout the organisation.	✓	Both the Board and Audit Committee regularly review risks, including new threats, and the processes to mitigate and contain them. Whilst the Board is responsible for risk, our culture seeks to empower all colleagues to manage risk effectively across all our businesses.	We have summarised the main risks faced by the business and how they are being managed on  pg32

Governance Principal	Compliant	Explanation	Further Reading
Maintain a dynamic management framework			
Maintain the Board as a well-functioning, balanced team led by the Chair.	✓	Our Board works well together as a team and contains complimentary experience across property, hospitality and life sciences industries, as well as the required experience in compliance, governance and financial management.	Our Directors and details of their individual roles, backgrounds and experience are provided on  pg30
Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.	✓	We assess the adequacy of the Board's collective skills and experience as part of the annual Board evaluation. Directors' individual development needs will be discussed annually with the Chairman.	Corporate Governance Report
Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.	✓	An annual Board evaluation is undertaken to review the Board's effectiveness, track improvements since the previous year and plan additional actions.	Evaluation is reviewed by the Nomination Committee.
Promote a corporate culture that is based on ethical values and behaviours.	✓	Respect is a core value of the Barkby Group that is consistently promoted across every business. Each individual trading division is proud to be part of the Barkby Group. We have witnessed a solidarity and commitment across our workforce during the pandemic, which instils a huge amount of confidence in the group's potential for future success through a supportive culture.	Corporate Governance Report
Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.	✓	The Directors recognise the importance of sound corporate governance and have therefore adopted the QCA code to support decision making at board level.	More detailed information about our governance structures and processes can be found in our corporate governance
Build Trust			
Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.	✓	We communicate with a range of stakeholders. Employee concerns and issues are represented by a newly created "Head of People" role, which has overall responsibility for this area. We have maintained good communication and endeavoured to work collaboratively with our suppliers, especially in relation to the challenges caused by the pandemic.	Further information on our dialogue with stakeholders and shareholders can be found in our sustainability report on  pg22 and in our corporate governance statement on  pg28  See more information relevant to our wider stakeholders on our website www.barkbygroup.com

Audit Committee Report

Following admission to AIM in January 2020, a new Audit Committee was formed comprising of Jonathan Warburton as Chairman, Jeremy Sparrow and Matt Wood. The Audit Committee will meet at least three times in each full financial year and at any other time when it is appropriate to consider and discuss audit and accounting related issues.

The Audit Committee is responsible for determining the application of the financial reporting and internal control principles, including reviewing the effectiveness of the Enlarged Group's financial

reporting, internal control and risk-management procedures and the scope, quality and results of the external audit.

The first meeting of the Audit Committee in relation to this partial financial year approved the appointment of Crowe U.K. LLP as auditors for the enlarged group as well as focussing on the accounting requirements of the Reverse Takeover transaction.

Remuneration Committee Report

Following admission to AIM in January 2020, a new Remuneration Committee was formed comprising of Jonathan Warburton as Chairman, Jeremy Sparrow and Matt Wood. The Remuneration Committee will review the performance of the Executive Directors and set the scale and structure of their remuneration and the basis of their service agreements with due regards to the interests of Shareholders.

In determining the remuneration of Executive Directors, the Remuneration Committee will seek to enable the Enlarged Group to attract and retain executives of the highest calibre. The Remuneration Committee also makes recommendations to the board concerning the allocation and administration of Options. No Director is permitted to participate in discussions or decisions concerning their own remuneration.

The Remuneration Committee will meet to review the performance of the newly appointed executive team after the financial year end.

Directors Remuneration

The following table summarises the total gross remuneration of the Directors who served during the period to 2 July 2020.

No performance bonuses relating to group profitability were paid.

	Appointment Date	Resignation Date	Basic Salary and Fees	
			2020	2019
Charles Dickson	07/01/2020		110,000.00	-
Rupert Fraser	26/06/2018		85,166.68	-
Douglas Benzie	30/09/2020		36,800.33	-
Jonathan Warburton	07/01/2020		4,000.00	-
Matthew Wood	07/01/2020		4,000.00	-
Jeremy Sparrow	18/07/2016		10,000.00	8,000.00
Duncan Harvey	26/06/2018	07/01/2020	-	5,040.00
Emma Dark	13/05/2019	30/09/2020	75,134.25	56,473.00
Giles Clarke	30/12/2015	07/01/2020	17,000.00	-
Stephen Cook	30/01/2019	07/01/2020	74,785.95	99,206.09

Nomination Committee Report

Following admission to AIM in January 2020, a new Nomination Committee was formed comprising of Charles Dickson as Chairman, Jeremy Sparrow, Jonathan Warburton and Matt Wood. The Nomination Committee is responsible for reviewing the structure, size and composition of the board, preparing a description of the role and capabilities required for a particular appointment and identifying and nominating candidates to fill board positions as and when they arise.

The Nomination Committee will meet to review the structure, size and composition of the newly formed board of the enlarged group after the financial year end.

Benefits		Cash Bonus		Defined Contribution Pension		Share Award		Total	
2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
-	-	-	-	-	-	-	-	110,000.00	-
566.05	-	-	-	-	-	-	-	85,732.73	-
-	-	-	-	-	-	-	-	36,800.33	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	4,000.00	-
-	-	-	-	-	-	-	-	4,000.00	-
-	-	-	-	-	-	-	-	10,000.00	8,000.00
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	5,040.00
566.05	-	-	-	-	-	-	-	75,700.30	56,473.00
-	-	-	-	-	-	-	-	17,000.00	-
473.25	-	45,000.00	-	877.20	803.79	-	-	121,136.40	100,009.88

Directors' Report

The Directors present their report together with the audited financial statements for the period ended 2 July 2020.

The corporate governance statement on pages 28 to 35 also forms part of this Directors' report.

Review of Business

The Chairman's statement on page 6 and the strategic report on pages 1 to 27 provides a review of the business, the Group's trading for the period ended 2 July 2020, key performance indicators and an indication of future developments.

Result and Dividend

The Group has reported its Consolidated Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union. The Group's results for the period are set out in the Statement of profit or loss and other comprehensive income on page 48.

The Company financial statements have been prepared under IFRS 101 for the period ended 2 July 2020.

The Group's revenue of £12.0m (FY19: £12.3m), gross margin of 7.1% (FY19: 40.2%) and loss after tax of £3.1m (FY19: loss of £0.8m) reflect the challenging circumstances relating to Covid-19 and government action taken to protect public health.

As explained in the S172 report on page 22, on 19 December 2019 The Barkby Group Plc announced that it had entered into conditional agreements to acquire the entire issued share capital of each of Tarncourt Ambit Properties Ltd, Tarncourt Ambit Ltd and Workshop Trading Holdings Ltd. The transaction was completed on 7 January 2020 and Barkby's shares were then admitted to trading on the AIM market.

Workshop Trading Holdings Ltd retains 100% ownership of its trading subsidiary Workshop Trading London Ltd.

Tarncourt Ambit Properties Limited and Tarncourt Ambit Limited were subsequently renamed to Barkby Real Estate Development Ltd and Barkby Real Estate Ltd respectively.

The transaction was deemed to be a reverse take over, which has consequently been reflected in the consolidation accounting under IFRS. The consolidated Income Statement includes the results of the Dickson Controlled Entities for the 15 month period to 2 July 2020 and the results of The Barkby Group Plc and Centurian Automotive Ltd for the period from 7 January 2020 to 2 July 2020.

Cambridge Sleep Sciences Ltd was incorporated on 14 January 2020, therefore its results are included in the Consolidated Income Statement from that date to 2 July 2020. The Barkby Group Plc holds 85% of the ordinary share capital of Cambridge Sleep Sciences Ltd.

The composition of the Consolidated Income Statement is summarised below:

Entity	Consolidated Income Statement Period From	Months of Trade Included in Consolidated Income Statement (Rounded)
The Barkby Group Plc	7-Jan-20	6
Centurian Automotive Ltd	7-Jan-20	6
Barkby Real Estate Developments Ltd	1-Apr-19	15
Barkby Real Estate Ltd	1-Apr-19	15
Workshop Trading Holdings Ltd	1-Apr-19	15
Workshop Trading London Ltd	1-Apr-19	15
Cambridge Sleep Sciences	14-Jan-20	5.5

The summary financial KPIs are as follows:

Period Ended	2 July 2020	31 May 2019
Revenue (£m)	£12.0m	£12.3m
Gross margin %	7.1%	40.2%
Loss after tax (£m)	£3.1m	£0.8m

Please refer to the Operating and Financial Report for further review of trading performance

The Board is not recommending a dividend.

Directors

The Directors of the Group during the period were:

Charles Dickson	Rupert Fraser	Douglas Benzie	Executive
Jonathan Warburton	Jeremy Sparrow	Matthew Wood	
			Non-Executive

The names of the Directors, along with their brief biographical details are given on **pg30 to 31**

Directors' Report continued

Directors' Interests

Charles Dickson	33,279,757
Rupert Fraser	1,704,713
Jonathan Warburton	250,000

No Director has any beneficial interest in the share capital of any subsidiary undertaking.

The Group purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors.

Political Donations

The Group made no political donations in the financial period.

Disclosure of Information to Auditors

As far as the Directors are aware, there is no relevant audit information (that is, information needed by the Group's auditor in connection with preparing their report) of which the Group's auditor is unaware, and each Director has taken all reasonable steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Financial Instruments

The financial risk management objectives of the Group, including credit risk, interest rate risk and foreign exchange risk, are provided in Note 27 to the Consolidated Financial Statements on page 90.

Share Capital Structure

At 2 July 2020, the Company's issued share capital was £1,163,935.32 divided into 135,235,066 ordinary shares of £0.00860675675675676 each.

The holders of ordinary shares are entitled to one vote per share at the general meetings of the Company.

Substantial Shareholders

At 2 July 2020, the Company had been notified of the following substantial shareholders comprising of 4% or more of the issued ordinary share capital:

Charles Dickson

24.2%

Davina Dickson

20.3%

James Dickson

13.0%

Purchase of Own Shares

There was no purchase of own shares in the period.

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further detail on going concern is on page 57.

Post Balance Sheet Events

Further to the disclosures made in the Company's AIM Admission Document, a reduction of the share capital of the Company was approved by the Court on 25 June 2020. The purpose of the Capital Reduction is to create distributable reserves for the payment of future dividends and other corporate purposes. There was no change in the number of the Company's Ordinary Shares in issue and the Capital Reduction did not involve either the diminution of any liability

in respect of unpaid capital or the payment to any shareholders of any paid-up capital of the Company. Following the approval, the capital reduction became effective as of 14 August 2020.

On 24 July 2020, the Group secured a £1,000,000 term loan from HSBC under the Coronavirus Business Interruption Loan Scheme.

As part of VivoPlex Group Ltd's (subsequently rebranded as "Verso Biosense") fundraising round, Barkby invested £500,000 via a Convertible Loan Agreement in August 2020. The CLA has a term of 36 months and an interest rate of 8% p.a., which is non-compounding, and, if payable, will accrue daily. The CLA will convert to equity at a 20% discount to the lowest price paid by investors. This takes the Group's total investment in Verso Biosense to £2.5 million plus accrued interest.

The Group entered into a new nine year leasehold agreement for The Harcourt Arms on 14 September 2020. Located in the village of Stanton Harcourt in Oxfordshire, The Harcourt Arms is a 17th century village pub that holds 2 AA Rosettes and 5 AA Gold Stars.

Barkby and Turf to Table Ltd agreed an amendment to the deferred consideration due to Turf to Table relating to Barkby's acquisition of pub assets and trade in 2018. Barkby paid £115,000 in lieu of the balance of existing deferred consideration of £150,000. £60,000 of the outstanding £115,000 due was satisfied by the issue and allotment of 260,869 ordinary shares in the capital of Barkby and the balance of £55,000 was paid in cash.

On 24 January 2021, Barkby exchanged contracts on a property development site in Malden, Essex. It is proposed that the Company will develop a 15,400 sq. ft. mixed-use retail and trade scheme at the site with an estimated gross development value of £6.0 million.

On 2 March 2021, the Group increased its cash headroom by refinancing the £3.5m Tarncourt facility into a new £5m facility with an expiry of 30 June 2023.

The Board considers that no other material post balance sheet events occurred between the end of the period and the date of publication of this report.

Future Developments

The Board intends to continue to pursue the business strategy as outlined in the strategic report on pages 1 to 27.

Stakeholder Involvement Policies

The Directors believe that the involvement of employees, customers and suppliers is an important part of the business culture and contributes to the successes achieved to date (view our sustainability report on pages 26 to 27).

Equal Opportunities

The Group is committed to eliminating discrimination and encouraging diversity. Its aim is that its people will be truly representative of all sections of society and that each person feels respected and is able to perform to the best of their ability. The Group aims for its people to reflect the businesses diverse customer base.

The Group will not make assumptions about a person's ability to carry out their work, for example based on their ethnic origin, gender, sexual orientation, marital status, religion or other philosophical beliefs, age or disability. Likewise, it won't make general assumptions about capabilities, characteristics and interests of particular groups that may influence the treatment of individuals, the assessment of their abilities and their access to opportunities for training, development and promotion.

Auditor

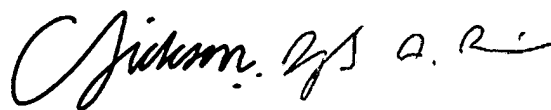
Crowe U.K. LLP has expressed its willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The Annual General Meeting ordinary business comprises receipt of the Directors' report and audited financial statements for the period ended 2 July 2020, the re-election of Directors, the reappointment of Crowe U.K. LLP as auditor and authorisation of the Directors to determine the auditor's remuneration.

Approval

The Directors' Report was approved by the Board of Directors on 31 March 2021 and signed on its behalf by Charles Dickson and Douglas Benzie.



Charles Dickson

Douglas Benzie

Statement of Directors' Responsibilities

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 Group and Company financial statements for each financial year. Under that law and as required by the Alternative Investment Market rules of the London Stock Exchange, the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 Group and Company and of the profit or loss of the Group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- 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 Group's and 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 requirements of 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.

Website Publication

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions.

The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the on-going integrity of the Financial Statements contained therein.

This report was approved by the board on 31 March 2021 and signed on its behalf by:

Independent Auditor's Report

Independent Auditor's Report to the Members of The Barkby Group Plc.

Opinion

We have audited the financial statements of The Barkby Group Plc (the "parent company") and its subsidiaries (the "group") for the period ended 2 July 2020 which comprise the Statement of Consolidated Profit or Loss and Other Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated 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 the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosures Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and

we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 group's or the parent 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.

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

- £100,000 is the group level of materiality determined for the financial statements as a whole, this has been determined based on approximately 0.8% of the consolidated turnover for the period. As the Group is a diversified trading group we determined that a trading based metric was the most appropriate to use for determining materiality.
- £75,000 is the group level of performance materiality. Performance materiality is used to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.
- £12,500 is the group level of triviality agreed with the Audit Committee. Errors above this threshold are reported to the Audit Committee, errors below this threshold would also be reported to the Audit Committee if, in our opinion as auditor, disclosure was required on qualitative grounds.

Independent Auditor's Report continued

The parent company materiality was assessed as £30,000 based on approximately 0.8% of turnover. As the parent company trades in its own right we determined that a trading based metric was the most appropriate to use for determining materiality. Parent company performance materiality was £21,000 and triviality was £1,500.

Overview of the scope of our audit

There are five significant components of the group, the parent company, Barkby Pubco, Centurian Automotive, Workshop Coffee and Real Estate. We audited all of the significant components of the group.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Accounting for the acquisition of the Dickson Controlled Entities by the parent company including derivation of appropriate fair values

Notes 1,2,3 and 33

On 7 January 2020 the parent company acquired the entire issued share capital of each of Tarncourt Ambit Limited, Tarncourt Ambit Properties Limited and Workshop Trading Holdings Limited. These entities, together with Workshop Trading Holdings Limited's subsidiary Workshop Trading (London) Limited are the Dickson Controlled Entities.

The majority of the consideration payable to the shareholders of the Dickson Controlled Entities was settled in consideration shares issued by the parent company and following the transaction the shareholders in the Dickson Controlled Entities held approximately 86% of the enlarged group. The transaction has therefore been accounted for as a reverse acquisition under the provisions of IFRS 3. As a result the post acquisition financial statements are deemed to be a continuation of the operations of the Dickson Controlled Entities rather than the legal acquirer (The Barkby Group Plc).

The accounting for the transaction is an area of judgement.

As the acquisition accounting is complex and the associated balances are highly material, we have designated this as an audit risk in the current year.

We considered the risk the accounting for the acquisitions was materially misstated, that assets and liabilities acquired may be recognised at inappropriate valuations and assumptions are used in making those valuations that are inappropriate or inconsistent with other assessments made.

How the scope of our audit addressed the key audit matter

The acquisition of the Dickson Controlled Entities was considered a business combination by management and therefore IFRS 3 was applied.

We considered the appropriateness of the judgement made by management as to whether the acquisitions should be accounted for as a reverse acquisition under IFRS 3.

We performed audit procedures on the inputs to the acquisition accounting including:

- obtaining copies of the share purchase agreement to confirm the purchase price and ensure that the cost of investment is correctly capitalised;
- challenging managements' assessment as to the existence and valuation of intangible assets arising on the acquisition and challenge the assumptions and methodologies used in arriving at fair values; and
- reviewing acquisition date balance sheets of the entities acquired to ensure the fair value of assets is appropriately considered and also the completeness of liabilities.

Where there were differences we obtained explanations for these.

Key audit matter**Going concern and the impact of Covid – 19***Notes 2 and 3*

Covid-19 has had and continues to have a significant impact on businesses around the globe.

The group is a diversified group of high growth businesses including Barkby Real Estate, Barkby Hospitality (comprising Barkby Pubs and Workshop Coffee) and Centurian Automotive Ltd.

The hospitality sector has been particularly badly hit by the introduction of regulations in response to the Covid-19.

We therefore consider going concern to be a significant audit risk in the circumstances especially in the sectors the group operates in.

How the scope of our audit addressed the key audit matter

We obtained management's assessment of going concern and the underlying financial projections which support that assessment.

We performed audit procedures on the inputs into the model as follows:

- testing to ensure the mathematical accuracy of the model presented;
- reviewing the assumptions used about future cash flows and timings;
- challenging the basis of management's estimates and assumptions in relation to profitability and cash flow for each business reflecting a severe but plausible downturn scenario assuming limited trading until the end of June 2021 and available cost mitigations;
- confirming the existence of facilities which will be relied on;
- assessing the inclusion of all appropriate assets and liabilities in the estimates;
- considering a range of sensitivities to assess reasonably likely changes to a key inputs; and
- reviewing the appropriateness of the disclosures in the financial statements.

Revenue recognition*Notes 2,3 and 5*

There is a presumption under ISA 240 (para 110) that there is always a risk of material misstatement due to improper revenue recognition.

Pubs

The group has a number of pubs where the main income streams are food and drink sales and accommodation sales. The revenue for these streams is recognised when the performance obligation has been carried out, i.e. food and drink are delivered to the customer and the customer occupies a room at a rate agreed in advance of occupying it. In both cases, it is clear when the performance obligation has been achieved and the transaction price is agreed either at the time of delivering the contract or in advance (for example booking of the room).

Centurian Automotive

Centurian's income is derived from the sale of motor vehicles at an agreed price to customers. The price is agreed and the customer will pay an initial deposit, with the balance paid on collection of the vehicle. The performance obligation is met upon the customer collecting the car, i.e. when the customer takes control of the vehicle.

Workshop coffee

The coffee business generates its revenue from three core streams - retail cafes, direct to the consumer (ecommerce) and business to business. Revenue is recognised on delivery of the product to the customer.

Real Estate

97% of revenue arose on the Hastings Development. Revenue is recognised on a percentage complete method. At 2 July 2020 the Hastings project was 98% complete.

We performed audit procedures on the inputs into the model as follows:

- For pub activity, we took the automatically generated till monthly report which is generated from the till system and compared this to the nominal activity in Sage. To ensure what was recorded through the till (being the point in time sale) was appropriately recognised in the financial information. We also performed cut off procedures to ensure revenue was recognised in the correct period.
- For Centurian we sampled a number of sales invoices and agreed these to the nominal listing. We performed cut off testing to identify sales are being recorded in the correct period.
- For Workshop coffee we tested each revenue stream on a substantive basis and no issues were identified. We also performed cut off procedures to ensure revenue was recognised in the correct period.
- For Real Estate of the £4.8m development spend £4.3m was incurred in the period to 2 July 2020. We agreed a sample of costs to invoices. We agreed the total expected costs to the project profit calculation. The site was sold on 28 August 2020 and we have seen the completion statement. In line with the percentage complete calculation minimal additional spend was incurred following the reporting date and the completion monies were in line with the level of accrued income at 2 July 2020.

Independent Auditor's Report continued

For the parent company we identified one key audit matter:

Key audit matter

Carrying value of investments in subsidiaries
Notes 2, 3 and 18

At the reporting date the carrying value of investments in subsidiaries in the balance sheet of the parent entity was £30.9 million.

We considered the risk that the carrying value of investments in subsidiaries was impaired. Given the significant increase in this balance during the year and the impact of Covid-19 on the hospitality sector we considered that there were indicators of potential impairment.

Any impairment of investments in subsidiaries would reduce distributable profits and potentially impact the ability of the parent company to pay dividends.

How the scope of our audit addressed the key audit matter

We obtained management's assessment of the impairment of investments in subsidiaries. We considered the following matters:

- the appropriateness of the assumptions used by management in assessing the ability of the subsidiary companies to generate cash; and
- the mathematical accuracy of the underlying forecasts

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

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.

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 42, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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



Stephen Bullock
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

31 March 2021

Statement of profit or loss and other comprehensive income

For the period ended 2 July 2020

		Group	
	Notes	Period ended 2 July 2020 £'000s	Year ended 31 March 2019 £'000s
Revenue	5	12,048	12,287
Cost of sales	7	(11,188)	(7,353)
Gross profit		860	4,934
Other operating income	6	367	-
Administrative expenses	7	(3,538)	(2,035)
Payments to related parties		-	(2,832)
Exceptional items		-	(285)
Loss from operations		(2,311)	(218)
Finance expense	7	(949)	(465)
Finance income		125	-
Loss before tax		(3,135)	(683)
Income tax expense	8	(4)	(103)
Loss and total comprehensive income for the period		(3,139)	(786)
Profit/(loss) for the year is attributable to:			
Non-controlling interest		(44)	-
Owners of The Barkby Group Plc	25	(3,095)	(786)
		(3,139)	(786)
		Pence	Pence
Loss per share for profit attributable to the owners of The Barkby Group Plc			
Basic and diluted loss per share	36	(2.69)	(0.77)

All of the loss of the year is from continuing operations

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Consolidated statement of financial position

As at 2 July 2020

		Group	
	Notes	2 July 2020 £'000s	31 March 2019 £'000s
Assets			
Non-current assets			
Property, plant and equipment	15	1,554	539
Intangible assets	17	8,355	36
Right-of-use assets	16	2,643	-
Investments	18	2,042	-
Other non-current assets	14	127	-
Total non-current assets		14,721	575
Current assets			
Inventory	12	4,226	1,087
Trade and other receivables	10	466	143
Contract assets	11	4,898	520
Prepayments		401	133
Other current assets	13	641	95
Cash and cash equivalents	9	306	21
Total current assets		10,938	1,999
Total assets		25,659	2,574
Liabilities			
Current liabilities			
Trade payables		(1,937)	(471)
Borrowings	19	(8,999)	(682)
Lease liabilities	20	(491)	-
Income tax	21	(107)	(103)
Other current liabilities	22	(1,833)	(3,352)
Total current liabilities		(13,367)	(4,608)
Non-current liabilities			
Borrowings	19	(4,899)	(2,995)
Lease liabilities	20	(2,349)	-
Provisions	23	(28)	-
Total non-current liabilities		(7,276)	(2,995)
Total liabilities		(20,643)	(7,603)
Net assets / (liabilities)		5,016	(5,029)
Equity			
Share capital	24	1,164	139
Share premium	26	4,323	6,347
Capital redemption reserve	26	-	3,078
Merger reserve	26	(422)	(9,088)
Issued equity		5,065	476
Retained losses	25	(49)	(5,505)
Equity attributable to the owners of The Barkby Group Plc		5,016	(5,029)
Non-controlling interest	33	-	-
Total equity		5,016	(5,029)

The above statement of financial position should be read in conjunction with the accompanying notes

The Financial Statements were approved by the Board of Directors on 31 March 2021 and were signed by Charles Dickson and Douglas Benzie.



Statement of financial position

As at 2 July 2020

		Company	
	Notes	2 July 2020 £'000s	31 May 2019 £'000s
Assets			
Non-current assets			
Property, plant and equipment	15	1,122	987
Intangible assets	17	1,074	1,074
Right-of-use assets	16	2,301	-
Investments	18	30,940	314
Other non-current assets	14	83	-
Total non-current assets		35,520	2,375
Current assets			
Inventory	12	35	54
Receivable from subsidiary undertaking		4,145	-
Other current assets	13	-	326
Prepayments		141	-
Cash and cash equivalents	9	69	12
Total current assets		4,390	392
Total assets		39,910	2,767
Liabilities			
Current liabilities			
Trade and other payables		(691)	(561)
Other current liabilities	22	(1,260)	(519)
Borrowings	19	(1,509)	(51)
Lease liabilities	20	(282)	-
Payable to subsidiary undertaking		(25)	-
Total current liabilities		(3,767)	(1,131)
Non-current liabilities			
Borrowings	19	(295)	(373)
Lease liabilities	20	(2,187)	-
Provisions	23	(28)	-
Total non-current liabilities		(2,510)	(373)
Total liabilities		(6,277)	(1,504)
Net assets / (liabilities)		33,633	1,263
Equity			
Share capital	24	1,164	139
Share premium	26	4,323	6,347
Capital redemption reserve	26	-	3,078
Merger relief reserve	26	29,747	-
Retained losses	25	(1,601)	(8,301)
Total equity		33,633	1,263

The loss for the period (1 June 2019 to 2 July 2020) for the Company was £1,916,000 (Loss for the period from 1 January 2018 to 31 May 2019: £151,000). The pre-acquisition business combination loss (in the period 1 June 2019 to 6 January 2020) was £411,000 and the loss in the period since the business combination (7 January 2020 to 2 July 2020) was £1,505,000.

The above statement of financial position should be read in conjunction with the accompanying notes

The Financial Statements of The Barkby Group Plc (company number 07139678) were approved by the Board of Directors on 31 March 2021 and were signed by Charles Dickson and Douglas Benzie.



Statement of changes in equity

For the period ended 2 July 2020

	Share capital £'000s	Share premium £'000s	Capital redemption reserve £'000s	Merger reserve £'000s	Profit and loss reserve £'000s	Non-controlling interest £'000s	Total equity £'000s
Group							
Balance at 1 April 2018	86	5,564	3,078	(8,252)	(4,719)	-	(4,243)
Loss after income tax and total comprehensive loss for the period	-	-	-	-	(786)	-	(786)
Transactions with owners in their capacity as owners:							
Shares issued	53	783	-	(836)	-	-	-
Balance at 31 March 2019	139	6,347	3,078	(9,088)	(5,505)	-	(5,029)

The above statement of changes in equity should be read in conjunction with the accompanying notes

	Share capital £'000s	Share premium £'000s	Capital redemption reserve £'000s	Merger Reserve £'000s	Profit and loss reserve £'000s	Non-controlling interest £'000s	Total equity £'000s
Group							
Balance at 1 April 2019	139	6,347	3,078	(9,088)	(5,505)	-	(5,029)
Implementation of IFRS 16 (note 16)	-	-	-	-	(80)	-	(80)
Balance at 1 April 2019 - restated	139	6,347	3,078	(9,088)	(5,585)	-	(5,109)
Loss after income tax and total comprehensive loss for the period	-	-	-	-	(3,095)	(44)	(3,139)
Transfer of loss attributable to non-controlling interest	-	-	-	-	(44)	44	-
	-	-	-	-	(3,139)	-	(3,139)
Capital reduction	-	(6,347)	(3,078)	-	9,425	-	-
Shares issued to settle acquisition fees	3	92	-	-	-	-	95
Shares issued to acquire subsidiaries	879	-	-	5,446	-	-	6,325
Balance at 1 June 2019 - restated	-	(626)	-	-	-	-	(626)
Transactions with owners in their capacity as owners:							
Shares issued for cash ^(a)	143	4,857	-	75	-	-	5,075
Payment to shareholders in respect of acquisition ^(b)	-	-	-	-	(750)	-	(750)
Shares issued to cancel debt ^(c)	-	-	-	3,145	-	-	3,145
	143	4,857	-	3,220	(750)	-	7,470
Balance at 2 July 2020	1,164	4,323	-	(422)	(49)	-	5,016

Notes

- (a) Shares issued for cash includes £75,000 of equity issued by Workshop Trading Holdings Limited prior to the business combination between the Barkby Group and the Dickson Controlled Entities.
- (b) Payment to shareholders in respect of the acquisition was made to certain shareholders of Tamcourt Ambit Limited in their capacity as shareholders of The Barkby Group, as part of the business combination between The Barkby Group and the Dickson Controlled Entities.
- (c) Shares issued to cancel debt were issued by The Dickson Controlled Entities prior to the business combinations between The Barkby Group and the Dickson Controlled Entities.

Statement of changes in equity

For the period ended 2 July 2020

	Share capital £'000s	Share premium £'000s	Capital redemption reverse £'000s	Merger relief reserve £'000s	Profit and loss reserve £'000s	Total equity £'000s
Company						
Balance at 1 January 2018	86	5,564	3,078	-	(8,150)	578
Profit after income tax and total comprehensive income for the period	-	-	-	-	(151)	(151)
Transactions with owners in their capacity as owners:						
Shares issued	53	783	-	-	-	836
Balance at 1 June 2019	139	6,347	3,078	-	(8,301)	1,263
Company						
Balance at 1 June 2019	139	6,347	3,078	-	(8,301)	1,263
Implementation of IFRS 16 (note 17)	-	-	-	-	(59)	(59)
Balance at 1 April 2019 - restated	139	6,347	3,078	-	(8,360)	1,204
Profit after income tax and total comprehensive income for the period	-	-	-	-	(1,916)	(1,916)
Capital reduction	-	(6,347)	(3,078)	-	9,425	-
Shares issued to settle acquisition fees	3	92	-	-	-	95
Shares issued to acquire subsidiaries	879	-	-	29,747	-	30,626
Costs associated with issuance of shares	-	(626)	-	-	-	(626)
Transactions with owners in their capacity as owners:						
Shares issued for cash	143	4,857	-	-	-	5,000
Payment in respect of acquisition of Tarncourt Ambit Limited	-	-	-	-	(750)	(750)
Balance at 2 July 2020	1,164	4,323	-	29,747	(1,601)	33,633

The above statement of changes in equity should be read in conjunction with the accompanying notes

Statement of cash flows

For the period ended 2 July 2020

	Notes	Group Period ended 2 July 2020 £'000s	Year ended 31 March 2019 £'000s
Cash flows from operating activities			
Loss before tax		(3,135)	(683)
Adjustments to reconcile loss before tax to net cash flows			
Depreciation of property, plant and equipment and right-of-use assets		576	158
Amortisation of intangible assets		5	5
Finance income		(125)	-
Finance expense		949	465
Working capital changes			
Decrease/(increase) in trade receivables, contract assets and prepayments		(4,431)	(3,481)
Decrease/(increase) in inventories		(144)	513
(Decrease)/increase in trade and other payables		(916)	1,771
		(7,221)	(1,252)
Interest paid		(775)	(466)
Interest received		1	-
Income tax paid		-	(18)
		(774)	(484)
Net cash flow from operating activities		(7,995)	(1,736)
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	32	(549)	-
Purchase of investments		(1,950)	-
Purchase of property, plant and equipment		(194)	(91)
Purchase of intangible assets		(287)	(7)
Proceeds from sale of property, plant and equipment		-	152
Net cash used in investing activities		(2,980)	54
Cash flows from financing activities			
Proceeds from issue of shares		5,075	-
Proceeds from borrowings		8,985	1,986
Share issue transaction costs		(531)	-
Payment to shareholders		(375)	-
Repayment of borrowings		(2,981)	(296)
Repayment of lease liabilities		(393)	(7)
Net cash raised in financing activities		9,780	1,683
Net increase/(decrease) in cash and cash equivalents		(1,195)	1
Cash and cash equivalents at the beginning of the financial year		21	20
Cash and cash equivalents at the end of the financial year	9	(1,174)	21

The above statement of cash flows should be read in conjunction with the accompanying notes

Notes to the financial statements

2 July 2020

Note 1. Company Information

The consolidated financial statements of The Barkby Group Plc for the period ended 2 July 2020 were authorised for issue in accordance with a resolution of the directors on 31 March 2021. The Barkby Group Plc is a public limited company incorporated and domiciled in the UK. The company's number is 07139678 and the registered office is located at 115b Innovation Drive, Milton, Abingdon, Oxfordshire OX14 4RZ.

The Group's principal activities consist of real estate development, consumer and hospitality businesses and life sciences.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These consolidated financial statements of The Barkby Group Plc (or "the Group") have been prepared in accordance with International Financial Reporting Standards ('IFRS'), as issued by the International Accounting Standards Board (IASB).

In accordance with IFRS 3, these financial statements have been prepared as a reverse acquisition of The Barkby Group Plc by the Dickson Controlled Entities, see note 32 for more details. Therefore, although these consolidated financial statements have been issued in the name of The Barkby Group Plc, the legal acquirer, the Group's activity is in substance, the continuation of the financial information of the Dickson Controlled Entities, to which the comparative financial information presented, for the year ended 31 March 2019 (the accounting period end for the Dickson Controlled Entities) relates. The consolidated financial statements comprise the results of the Dickson Controlled Entities for the full year, and the results of The Barkby Group Plc from 7 January 2020, the date of the reverse acquisition.

The Dickson Controlled Entities previously prepared standalone financial information for the year ended 31 March 2019. The Dickson Controlled Entities did not in the past form a legal group. As a result, the combined financial information was prepared by aggregating financial information of the Dickson Controlled Entities. The financial information included as comparatives within these consolidated financial statements does not constitute statutory accounts, but has been prepared under IFRS and in accordance with the group accounting policies disclosed.

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" ("FRS 101"). The following exemptions from the requirements of IFRS have been applied in the preparation of these Company financial statements, in accordance with FRS 101:

- IFRS 7, "Financial Instruments: Disclosures".
- Paragraphs 91 to 99 of IFRS 13, "Fair value measurement" (disclosure of valuation techniques and inputs used for the fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, "Presentation of financial statements" – comparative information in respect of:
 - Paragraph 79(a) (iv) of IAS 1;
 - Paragraph 73(e) of IAS 16 "Property, plant and equipment"; and
 - Paragraph 118(e) of IAS 38, "Intangible assets" (reconciliations between the carrying amounts of the beginning and end of the period).

Notes to the financial statements

2 July 2020

Note 2. Significant accounting policies (continued)

- The following paragraphs of IAS 1, "Presentation of financial statements":
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for a minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - (cash flow statement information); and
 - 134-136 (capital management disclosures).
- IAS 7, "Statement of cash flows".
- Paragraphs 30 and 31 of IAS 8, "Accounting policies, changes in accounting estimates and errors"
- The requirements in IAS 24, "Related party disclosures" to disclose related party transactions entered into between two or more members of the group.

Accounting periods

The financial statements have been prepared covering the financial period ended 2 July 2020, in accordance with the Group's policy of drawing up financial statements to the nearest Thursday to the Group's accounting reference date of 30 June.

The accounting reference date changed in the financial period. The Dickson Controlled Entities' previous accounting reference date was 31 March, and The Barkby Group Plc's and Centurian Automotive Limited's were 31 May.

Therefore, the Group's consolidated financial statements cover the financial period from 1 April 2019 to 2 July 2020, with comparative financial information (of the aggregated Dickson Controlled Entities) covering the financial year ended 31 March 2019, and the Company's financial statements cover the financial period from 1 June 2019 to 2 July 2020, with comparative financial information covering the financial period from 1 January 2018 to 31 May 2019.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, deferred contingent consideration and derivative financial instruments that have been measured at fair value. The consolidated financial statements are presented in Pounds Sterling, which is The Barkby Group Plc's functional and presentation currency and all values are rounded to the nearest thousand (£'000s) unless otherwise stated.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of The Barkby Group Plc ('company' or 'parent entity') as at 2 July 2020 and the results of all subsidiaries for the period then ended. The Barkby Group Plc and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are

Notes to the financial statements continued

2 July 2020

Note 2. Significant accounting policies (continued)

eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

During the financial period ended 2 July 2020, The Barkby Group Plc acquired the share capital of Tarncourt Ambit Limited, Tarncourt Ambit Properties Limited and Workshop Trading Holdings Limited, which together with its subsidiary undertaking Workshop Trading (London) Limited, are called the Dickson Controlled Entities. After the transaction the shareholders of the Dickson Controlled Entities owned 86% of the share capital of the new combined entity. As a result this transaction is considered to be a reverse takeover.

These financial statements therefore consist of the consolidated financial statements of the Dickson Controlled Entities, which are considered to acquire The Barkby Group Plc and its subsidiary, Centurian Automotive Limited with effect from 7 January 2020, together with the company only financial statements of The Barkby Group Plc.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are only attributed to the non-controlling interest to the extent to which they can be recovered from those parties.

Going Concern

The Barkby Group PLC is a diversified group of high growth businesses run by an entrepreneurial and experienced management team. The group structure aims to combine stable, cash generative businesses with growth potential alongside high growth opportunities with exceptional market potential and the ability to disrupt.

In the second half of the financial year and since the reporting date, Barkby's hospitality and consumer division was impacted by the Covid-19 pandemic due to its impacts on consumer behaviour as well as enforced trading restrictions. Barkby has weathered the COVID-19 pandemic largely due to the support of its cash generative commercial property development business.

The Board has managed cash tightly through all three national lockdowns and has increased cash headroom by refinancing the £3.5 million Tarncourt facility into a new £5 million facility with an expiry date of 30 June 2023. Furthermore, the Group has taken a £450,000 loan secured against the freehold of the Wellingborough site from James Dickson, a significant shareholder in the Company. The Group currently has net cash available of c. £1.5 million as at March 2021. In addition, the Board have taken the steps of consulting with their major shareholders regarding a potential equity raise should current restrictions remain in place beyond Spring and our shareholders have confirmed their continued support should this become necessary.

Despite the Board's optimism that the road map out of lockdown is on track, and view that its businesses are well positioned to perform well from June 2021, we are still in a period of significant economic uncertainty. The Board has therefore prepared a profitability and cash flow forecast to June 2022 for each business incorporating assumptions that reflect a severe but plausible downturn scenario. This scenario assumes limited trading until the end of June 2021, and therefore that the group will continue to manage its cash burn at its current rate.

Notes to the financial statements continued

2 July 2020

Note 2. Significant accounting policies (continued)

A key feature of Barkby's businesses is that it has a low fixed cost base. The property development business has predominantly flexible costs. Centurian operates from a unique showroom setting that carries a lower cost than typical car dealerships. The hospitality businesses have engaged closely with landlords and brewers and agreed rent reductions to compensate for restricted trade. The Group's workforce is predominantly comprised of employees on flexible contracts and the ongoing support of the Furlough scheme is confirmed until September 2021.

Key features of the severe but plausible worst case scenario as follows:

Barkby Pubs

The pandemic particularly hit wet-led pubs, those dependent on office-workers and business that promote congested use of space such as music venues, late-night bars and nightclubs. Barkby operates premium pubs with rooms located in areas of outstanding natural beauty that are popular with tourists and serve a captive market of local communities. The directors anticipate this segment of the hospitality industry to be one of the earliest to recover when trading restrictions are lifted in 2021. This expectation is due to Barkby's large footprint properties that can operate in a Covid-secure way with minimal interruption. The majority of Barkby's trade is food-led and we typically serve groups of six or less. The directors anticipate increased demand for staycations as a result of reduced confidence and appetite for international holiday travel.

Trading experience when restrictions were reduced in July, August and September 2020 suggests that the pubs will trade profitably from 17th May 2021, assuming no significant changes to the government's road map out of lockdown. If trading was to be restricted without government support, we would take pro-active action to minimise the cost base, which would not be worse than continuing to trade under severe restrictions.

The Pubco business plan is to increase the size of the estate and the worst-case scenario financial forecast includes adding new leasehold pubs, each with minimal cash generation. Therefore, there will be no impact on underlying cash if the Group does not expand the number of pubs operated in the financial year to June 2022.

Centurian Automotive

Experience during the pandemic indicated that demand from Centurian's target market of car enthusiasts remained robust, despite sales being restricted by the reduction in walk-in customers. When non-essential retail was fully restricted, customers could only purchase cars via pre-booked contactless handover. Despite these severe trading restrictions, Centurian generated positive EBITDA in the 6-months from July to December 2020, therefore the directors believe this is a reasonable worst-case base to project going forward.

Centurian operates from a significantly lower cost base when compared to larger and traditional car dealerships. Centurian has a unique customer showroom setting that has a low annual rental, which enables Centurian to maintain profit levels during lower volume trading periods. Centurian's workforce is predominantly employed on flexible contracts and a significant portion of senior employee remuneration is commission-based and via discretionary bonuses.

Workshop Coffee

As with Barkby's pub business, Workshop Coffee was also 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 Webshop, subscription customers and established digital presence with over 50,000 followers on Instagram.

In the six months to December 2020, wholesale revenues were down by 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 are expected to re-open 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.

Notes to the financial statements continued

2 July 2020

Note 2. Significant accounting policies (continued)

Group overhead

The cost of the group function can be flexed as required to adapt to the growth and profitability of the subsidiary companies. There are only a small number of long-term contracted costs, and all other costs can be reduced in the short term. If trading conditions did not meet expectation, the group could further reduce costs.

Debt and Borrowings

The group currently has the following third party debt:

Tarncourt: The Tarncourt facility is a related party facility owed to a vehicle controlled by the Dickson Family. The board has received confirmation that this facility will be extended until 30 June 2023, with no payments required until that date.

HSBC: The group banks with HSBC across the majority of its companies. The bank has been supportive in providing working capital facilities to meet the company's requirements. The directors maintain regular communication with HSBC and maintain an open dialogue regarding future funding requirements. For the purpose of the going concern projection, the directors have assumed that the overdraft is renewed.

Other facilities: There are a number of smaller legacy borrowings in place within the group subsidiaries. The cash flow forecast assumes these facilities are repaid in accordance with their contractual terms.

Centurian stocking finance: Centurian utilises short term stocking finance facilities secured against specific vehicles. Any slow moving stock requires periodic equity contributions of increasing amounts. Therefore, the realisable value of the stock is always expected to exceed the financing that is in place.

The Group had net cash available of approximately £1.5m as at March 2021. Barkby has not raised any external equity or borrowings during the pandemic, other than the related party facility with Tarncourt. Therefore, the board is confident that its shareholders would be supportive if additional funding was required.

Summary

During the Covid-19 pandemic, Barkby's diversification has been a significant strength enabling financial and operational support across the group. Barkby benefited from its diversity, with longer-term property development projects providing positive cash flow to support the most impacted businesses. As we come out of lockdown, management considers that the pubs and coffee business are well positioned for a return to profitability and that the Group is in a strong position to benefit from the lifting of government lockdown restrictions. Based on its profitability and cash flow forecasts for each business incorporating assumptions that reflect a severe but plausible downturn scenario the directors consider going concern basis of preparation to be an appropriate basis for the preparation of these financial statements.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM are responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

Foreign currency transactions are translated into Pounds Sterling using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Revenue recognition

The Group recognises revenue as follows:

Property business – Revenue from contracts with customers

Real estate revenue principally consists of the development and ultimately the sale of real estate sites on behalf of customers. Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the

Notes to the financial statements continued

2 July 2020

Note 2. Significant accounting policies (continued)

contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects changes to specifications required by customers and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved.

Consumer & Hospitality business revenue

Consumer and hospitality revenue principally consists of the sale of coffee and associated equipment, and food and drink (Workshop Coffee), food, drink and accommodation (Barkby Pubs) and premium used cars and associated services (Centurian Automotive). These are broadly divided into the sale of goods and the rendering of services.

Sale of goods (also applies to Life Sciences business)

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery or consumption by the customer.

Revenue from the sale of food and drink is recognised when the customer has both been served and has paid for their bill (or it is added to an agreed account or room bill). Customers typically either pay on ordering (drinks, café style food and takeaways) or settle their bills when they are ready to leave.

Revenue from the sale by mail order of coffee and associated equipment is recognised when the product is shipped to the customer based on a confirmed, paid for order.

Revenue from the sale of a car is recognised when the car is delivered to the customer, or the customer drives the car away from the showroom. For the vast majority of sales the customer pays or arranges financing in advance of taking control of the car.

Rendering of services

Revenue from accommodation is recognised on a daily basis following check-in by the customer at the value agreed with the customer for that booking.

Revenue from services associated with the sale of a car is recognised at the later of the point of the receipt of the specific service or the sale of the car.

Other revenue

Other revenue is recognised when it is received or when the unconditional right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

Notes to the financial statements continued

2 July 2020

Note 2. Significant accounting policies (continued)

- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, cash in transit, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade receivables are initially recognised at fair value transaction price and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets

Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Notes to the financial statements continued

2 July 2020

Note 2. Significant accounting policies (continued)

Inventories

Raw materials, being food and drink supplies, coffee beans and other items for consumption within the business, work in progress on real estate projects and vehicle stock are stated at the lower of cost and net realisable value. Cost comprises direct materials and delivery costs, import duties and other taxes. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Notes to the financial statements continued

2 July 2020

Note 2. Significant accounting policies (continued)

Property, plant and equipment

Plant, property and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Freehold land is not depreciated.

For all other property, plant and equipment, depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Freehold buildings	Up to 100 years
Leasehold improvements	3-10 years or over the lifetime of lease
Plant and equipment	3-7 years
Computer equipment	3 years
Furniture & Fixtures	5 years
Right of use assets	Life time of the leasing arrangement

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset 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 Group 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 Group negotiated reductions in lease payments with landlords as a result of the Covid-19 pandemic and its effect on the Group's business. The Group 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 Group reducing the lease liability with a corresponding adjustment to the right-of-use asset.

The Group 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.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Notes to the financial statements continued

2 July 2020

Note 2. Significant accounting policies (continued)

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Product design and development

Research costs are expensed in the period in which they are incurred. Development costs, including product design costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Patents, trademarks and other intellectual property

Significant costs associated with patents, trademarks and the acquisition of other intellectual property licenses are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Notes to the financial statements continued

2 July 2020

Note 2. Significant accounting policies (continued)

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Defined contribution pension contributions

Contributions to defined contribution pension plans are expensed in the period in which they are incurred.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued equity

Issued equity consists of the Company's share capital, share premium and capital redemption reserve, together with the other equity reserve in Group's consolidated financial statements. Ordinary shares are classified as equity.

The difference between the nominal value of the shares issued and the actual value relating to the specific transaction is accounted for as share premium, unless:

1. The Company is issuing shares to acquire the share capital of another company, in which case as long as the shares issued represent greater than 90% of the consideration, the excess of the value of the shares issued over their nominal value is recorded in the merger reserve, or

Notes to the financial statements continued

2 July 2020

Note 2. Significant accounting policies (continued)

2. The Group is undertaking a reverse takeover, in which case the excess of the value of the share issued over their nominal value is recorded in the other equity reserve.

The other equity reserve reflects the accounting required by the reverse takeover transactions such that the issued equity at the point of transaction equals the equity of the Dickson Controlled Entities plus that notional consideration for the acquisition of The Barkby Group. Pre-acquisition, the other reserve adjusts the Company's equity to that of the Dickson Controlled Entities.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of The Barkby Group Plc, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Notes to the financial statements continued

2 July 2020

Note 2. Significant accounting policies (continued)

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Value-Added Tax ('VAT') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the tax authority.

Furlough payments

The Group has taken advantage of the Government's Coronavirus Job Retention Scheme (furlough) and has furloughed staff and claimed money under the scheme since March 2020.

The Group has accounted for the receipts from the Government as a reduction in the overall wages and salaries costs, in the period in which the amount claimed relates to. The amounts claimed and resultant reduction in salaries and wages costs are shown in Note 7.

Rounding of amounts

Amounts in this report have been rounded off to the nearest thousand Pounds Sterling, or in certain cases, the nearest Pound Sterling.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Accounting Standards that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 December 2020. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Reverse acquisition accounting – identifying the accounting acquirer

As disclosed in the basis of preparation (note 2) and Note 32 management have used judgement to determine an appropriate accounting policy to account for the business combination in the period. The most significant judgement is in determining the accounting acquirer as the conclusion of this has a fundamental impact on the presentation of the financial statements. In arriving at that judgement management had regard to the revised Conceptual Framework for Financial Reporting issued in March 2018 which states that a reporting entity is not necessarily a legal entity. Management also considered the guidance in IFRS 3 to identify the accounting acquirer and on this basis determined the Dickson Controlled Entities combined were the accounting acquirer and therefore presented the financial statements as disclosed in note 32.

Notes to the financial statements continued

2 July 2020

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the effects that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic region in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Revenue from contracts with customers

When recognising revenue in relation to the sale of goods to customers, the timing of the recognition of revenue is a key estimate, relating the relative completeness of the project to the specific key performance obligations of the Group, both initially at the point of contractual commitment and then throughout the delivery of the project to completion.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Goodwill

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Notes to the financial statements continued

2 July 2020

Note 4. Operating segments

Identification of reportable operating segments

The Group is organised into three operating segments based on differences in products and services provided: Real Estate, Consumer and Hospitality and Life Sciences. Consumer and Hospitality is further sub-divided into three segments: Barkby Pubs, Workshop Coffee and Centurian Automotive. These operating segments are based on the internal reports that are reviewed and used by the Executive Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM review profitability, working capital and cash flow. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Types of products and services

The principal products and services of each of these operating segments are as follows:

Real Estate	Acquisition and subsequent development of parcels of land for resale
Consumer & Hospitality	Barkby Pubs (high quality pubs with accommodation), Workshop Coffee (coffee shops and sale of coffee and associated equipment) and Centurian Automotive (sale of premium used cars and associated services).
	The Barkby Pubs segment includes the Group's central costs and the Group's treasury function.
Life Sciences	Development of Sleep Hub product.

Intersegment transactions

There was minimal intersegment trading during the period ended 2 July 2020.

Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans

The intersegment receivables and payables represent the day to day funding of the Group's businesses between Barkby Pubs, acting as the Group's treasury function and the rest of the Group's subsidiaries.

Intersegment balances are initially recognised at the consideration received. Intersegment receivables and payables that earn or incur interest do so at a market rate. Non-interest bearing balances repayable on demand are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Notes to the financial statements continued

2 July 2020

Note 4. Operating segments (continued)

Operating segment information

	Real Estate £'000s	Barkby Pubs £'000s	Workshop Coffee £'000s	Centurian Automotive £'000s	Total Consumer & Hospitality £'000s	Life Sciences £'000s	Total £'000s
Group - 2020							
Revenue							
Sales to external customers	4,518	591	2,902	4,037	7,530	-	12,048
Intersegment sales	-	-	-	-	-	-	-
Total revenue	4,518	591	2,902	4,037	7,530	-	12,048
Cost of sales	(4,319)	(1,295)	(1,799)	(3,775)	(6,869)	-	(11,188)
Gross profit	199	(704)	1,103	262	661	-	860
Administrative expenses	(136)	(961)	(1,897)	(266)	(3,124)	(278)	(3,538)
Other income	-	269	73	25	367	-	367
Net finance costs	(391)	(115)	(129)	(174)	(418)	(15)	(824)
Profit/(loss) before income tax expense	(328)	(1,511)	(850)	(153)	(2,514)	(293)	(3,135)
Income tax expense	(4)	-	-	-	-	-	(4)
Profit/(loss) after income tax expense	(332)	(1,511)	(850)	(153)	(2,514)	(293)	(3,139)
Included within administrative expenses:							
Group costs	-	(774)	-	-	(774)	-	(774)
Depreciation and amortisation	-	(155)	(390)	(14)	(582)	-	(582)
Assets							
Segment assets	12,540	38,927	1,120	5,096	45,143	386	58,069
Intersegment eliminations							(32,410)
Total assets							25,659
Total assets includes:							
Acquisition of non-current assets	1,952	137	42	19	198	281	2,431
Liabilities							
Segment liabilities	(11,368)	(5,612)	(5,375)	(4,619)	(15,606)	(679)	(27,653)
Intersegment eliminations							7,010
Total liabilities							(20,643)

Notes to the financial statements continued

2 July 2020

Note 4. Operating segments (continued)

Operating segment information

	Real Estate £'000s	Barkby Pubs £'000s	Workshop Coffee £'000s	Centurian Automotive £'000s	Total Consumer & Hospitality £'000s	Life Sciences £'000s	Total £'000s
Group - 2019							
Revenue							
Sales to external customers	9,948	-	2,339	-	2,339	-	12,287
Intersegment sales							-
Total revenue							12,287
Cost of sales	(6,284)	-	(1,069)	-	(1,069)	-	(7,353)
Gross profit	3,664	-	1,270	-	1,270	-	4,934
Administrative expenses	(47)	-	(1,988)	-	(1,988)	-	(2,035)
Other income	-	-	-	-	-	-	-
Payments to related parties	(2,832)	-	-	-	-	-	(2,832)
Exceptional items	-	-	(285)	-	(285)	-	(285)
Net finance costs	(465)	-	-	-	-	-	(465)
Profit/(loss) before income tax expense	320	-	(1,003)	-	(1,003)	-	(683)
Income tax expense	(103)	-	-	-	-	-	(103)
Profit/(loss) after income tax expense	217	-	(1,003)	-	(1,003)	-	(786)
Included within administrative expenses:							
Group costs	-	-	-	-	-	-	-
Depreciation and amortisation	-	-	(162)	-	(162)	-	(162)
Assets							
Segment assets	5,072	-	1,401	-	1,401	-	6,473
Intersegment eliminations							(3,899)
Total assets							2,574
Total assets includes:							
Acquisition of non-current assets	-	-	98	-	98	-	98
Liabilities							
Segment liabilities	(5,715)	-	(5,787)	-	(5,787)	-	(11,502)
Intersegment eliminations							3,899
Total liabilities							(7,603)

Geographical information

	Sales to external customers		Geographical non-current assets	
	2020 £'000s	2019 £'000s	2020 £'000s	2019 £'000s
United Kingdom	11,482	12,020	14,721	575
Rest of the world	566	267	-	-
	12,048	12,287	14,721	575

Notes to the financial statements continued

2 July 2020

Note 5. Revenue

From continuing operations

	Group	
	2020 £'000s	2019 £'000s
Revenue from contracts with customers		
Sale of real estate property	4,518	9,948
Other revenue		
Food, drink and accommodation	3,493	2,339
Car sales and associated services	4,037	-
Revenue	12,048	12,287

Note 6. Other income

	Group	
	2020 £'000s	2019 £'000s
Covid-19 grants	294	-
Gain on re-negotiation of lease	73	-
Other income	367	-

Notes to the financial statements continued

2 July 2020

Note 7. Expenses

	Group	
	2020 £'000s	2019 £'000s
Profit before income tax includes the following specific expenses:		
Cost of sales		
Property cost of sales - purchases	4,319	6,284
Vehicle cost of sales - purchases	3,775	-
Barkby Pubs cost of sales - purchases	195	-
Barkby Pubs costs of sales - employee costs	1,575	-
Workshop Coffee cost of sales - purchases	1,324	1,069
	11,188	7,353
Administration expenses		
Employee costs	961	1,031
Professional fees	595	33
Buildings and facility related costs	533	253
Depreciation and amortisation (see below)	582	162
Other administrative costs	428	556
Advertising and promotion	198	-
Research and development	9	-
Donations	2	-
Acquisition costs and listing costs recognised in expenses	230	-
	3,538	2,035
Depreciation - owned assets		
Leasehold improvements	117	99
Freehold buildings	3	-
Plant and equipment	24	9
Fixtures and fittings	68	42
Computer equipment	24	7
	236	157
Depreciation - right of use assets		
Buildings	210	-
Pubs	102	-
Service concessions	29	-
	341	-
Amortisation		
Patents and licenses	5	5
Total depreciation and amortisation	582	162
Finance costs		
Interest and finance charges paid/payable on borrowings	794	465
Interest and finance charges paid/payable on lease liabilities	155	-
Finance costs expensed	949	465

Notes to the financial statements continued

2 July 2020

Note 7. Expenses (continued)

	Group	
	2020 £'000s	2019 £'000s
Net foreign exchange loss		
Net foreign exchange loss	40	11
Leases		
Variable lease payments	48	-
Short-term and low-value lease payments	23	-
Low-value lease payments	7	-
Operating lease payments (pre-IFRS 16)	-	253
	78	253
Pension expense		
Defined contribution pension contributions	34	5
Employee costs		
Wages and salaries	2,205	940
Social security costs	202	86
Other employee related costs	95	-
Pensions costs	34	5
	2,536	1,031
Employee costs are charged to both Cost of sales and Administration expenses as follows:		
Employee costs within cost of sales	1,575	-
Employee costs within administration expenses	961	1,031
	2,536	1,031
Furlough claims		
Employee costs are net of the following amount claimed under the Coronavirus Job Retention Scheme		
Workshop Coffee	189	-
Barkby Pubs (and group functions)	244	-
Centurian Automotive	17	-
	450	-
Employee numbers		
The group employed the following numbers of people on average during the financial period		
Workshop Coffee	44	45
Barkby Pubs (and group function) (average since January 2020)	121	-
Centurian Automotive (average since January 2020)	4	-
	169	45
Auditors Remuneration		
Fees for auditing these accounts	55	35
Other Services		
Fees for the auditing the financial statements to the Group's other subsidiaries	35	-
Taxation compliance services	100	11
Services relating to corporate finance transactions	-	73
	190	119

Notes to the financial statements continued

2 July 2020

Note 8. Income tax expense

	Group	
	2020 £'000s	2019 £'000s
Income tax expense		
UK corporation tax charge	-	103
Adjustment recognised for prior periods	4	-
Aggregate income tax expense	4	103
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(3,135)	(683)
Tax credit at the statutory tax rate of 19%	(595)	(130)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Expenses non-deductible for tax purpose	103	-
Deferred tax asset not recognised	492	203
Adjustment recognised for prior periods	4	-
Income tax expense	4	103

Note 9. Current assets – cash and cash equivalents

	Group	
	2 July 2020 £'000s	31 March 2019 £'000s
Cash at bank	236	21
Cash in transit	69	-
Petty cash	1	-
	306	21
Reconciliation to cash and cash equivalents at the end of the financial year		
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:		
Balances as above	306	21
Bank overdraft (note 35)	(1,480)	-
Balance as per statement of cash flows	(1,174)	21

	Company	
	2 July 2020 £'000s	31 May 2019 £'000s
Cash at transit	69	-
Cash in bank	-	12
	69	12

Note 10. Current assets – trade and other receivables

	Group	
	2 July 2020 £'000s	31 March 2019 £'000s
Trade receivables	395	143
Less: Allowance for expected credit losses	-	-
Receivable from employee	71	-
	466	143

Allowance for expected credit losses

The Group has recognised a credit of £50,000 in administrative expenses within the loss for the period ended 2 July 2020 in respect of recovery of trade receivables that have previously been provided for.

Notes to the financial statements continued

2 July 2020

Note 11. Current assets - contract assets

	Group	
	2 July 2020 £'000s	31 March 2019 £'000s
Contract assets	4,898	520
Reconciliation		
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:		
Opening balance	520	565
Additions	4,378	520
Transfer to trade receivables	-	(565)
Closing balance	4,898	520

Note 12. Current assets - Inventories

	Group	
	2 July 2020 £'000s	31 March 2019 £'000s
Coffee, food, drink and other raw materials	144	135
Property development work in progress	1,298	952
Vehicle inventory	2,864	-
Provision for obsolete inventory	(80)	-
	4,226	1,087

	Company	
	2 July 2020 £'000s	31 May 2019 £'000s
Food, drink and other raw materials	35	54

Note 13. Current assets - other

	Group	
	2 July 2020 £'000s	31 March 2019 £'000s
Receivable from related party	375	-
Deposits	150	-
VAT recoverable	97	5
Other current assets	19	90
	641	95

Note 14. Other non-current assets

	Group	
	2 July 2020 £'000s	31 March 2019 £'000s
Lease and contract deposits	127	-

	Company	
	2 July 2020 £'000s	31 May 2019 £'000s
Lease and contract deposits	83	-

The deposits are held by the lessors of the leased pubs and buildings, and certain suppliers of services. The discounting on the deposits is not considered material.

Notes to the financial statements continued

2 July 2020

Note 15. Non-current assets – property, plant and equipment

	Land and buildings £'000s	Leasehold improve- ments £'000s	Plant and equipment £'000s	Computer equipment £'000s	Fixtures and fittings £'000s	Total £'000s
Group						
Cost						
Balance at 1 April 2018	-	1,453	492	92	174	2,211
Additions in year	-	2	-	14	75	91
Disposals in year	-	(300)	-	-	-	(300)
Balance at 31 March 2019	-	1,155	492	106	249	2,002
Additions in period	-	17	23	17	137	194
Additions by business combinations	672	2	215	122	500	1,511
Disposals in period	-	(239)	-	-	-	(239)
Balance at 2 July 2020	672	935	730	245	886	3,468
Accumulated depreciation						
Balance at 1 April 2018	-	(764)	(474)	(80)	(137)	(1,455)
Charge for the year	-	(99)	(9)	(8)	(42)	(158)
Disposals in year	-	150	-	-	-	150
Balance at 31 March 2019	-	(713)	(483)	(88)	(179)	(1,463)
Charge for the period	(3)	(117)	(24)	(24)	(68)	(236)
Additions by business combinations	-	-	(101)	(17)	(335)	(453)
Disposals in period	-	239	-	-	-	239
Balance at 2 July 2020	(3)	(592)	(608)	(129)	(582)	(1,914)
Net Book Value						
At 31 March 2019	-	442	9	17	70	539
At 2 July 2020	669	344	122	115	304	1,554

Land and buildings includes £300,000 of freehold land, acquired during the period ended 2 July 2020.
Freehold land is not depreciated.

	Land and buildings £'000s	Plant and equipment £'000s	Computer equipment £'000s	Fixtures and fittings £'000s	Total £'000s
Company					
Cost					
Balance at 1 June 2019	672	204	64	445	1,385
Additions in period	-	34	58	147	239
Balance at 2 July 2020	672	238	122	592	1,624
Accumulated depreciation					
Balance at 1 June 2019	-	(83)	(14)	(301)	(398)
Charge for the period	(3)	(33)	(11)	(57)	(104)
Balance at 2 July 2020	(3)	(116)	(25)	(358)	(502)
Net Book Value					
At 31 May 2019	672	121	50	144	987
At 2 July 2020	669	122	97	234	1,122

Notes to the financial statements continued

2 July 2020

Note 16. Non-current assets - right-of-use assets

	Group			
	Buildings £'000s	Pubs £'000s	Service concessions £'000s	Total £'000s
Right of use assets - cost				
Balance at 1 April 2019	1,686	-	69	1,755
Acquired in business combinations	61	2,767	-	2,828
Adjustments to leases	(594)	-	-	(594)
Covid - 19 relief	(29)	(67)	(8)	(104)
Balance at 2 July 2020	1,124	2,700	61	3,885
Accumulated depreciation				
Balance at 1 April 2019	(570)	-	(15)	(585)
Acquired in business combinations	(19)	(297)	-	(316)
Charge for the period	(210)	(102)	(29)	(341)
Balance at 2 July 2020	(799)	(399)	(44)	(1,242)
Net Book Value				
At 1 April 2019	1,116	-	54	1,170
At 2 July 2020	325	2,301	17	2,643

The adjustment to the building lease related to one lease in which the remaining lease period was renegotiated from 10 years to 18 months. Covid - 19 relief represents rents foregone by landlords as a result of the pandemic. The balance represents agreed reductions in rent in the period ended 2 July 2020.

	Company
	Pubs £'000s
Right of use assets - cost	
Balance at 1 June 2019	2,683
Additions of new leases	46
Adjustments to leases	38
Covid - 19 relief	(67)
Balance at 2 July 2020	2,700
Accumulated depreciation	
Balance at 1 June 2019	(171)
Charge for the period	(228)
Balance at 2 July 2020	(399)
Net Book Value	
At 1 June 2019	2,512
At 2 July 2020	2,301

The adjustment to the Pub lease was an annual RPI-based indexation increase in the lease for one pub.

The Group leases land and buildings for its offices, coffee shops and car showroom. The leases run for between 1.5 and 9.5 years.

The Group leases five pubs, with the leases running for between 3 and 21 years.

The Group also leases plant and machinery and operates one service concession which is classified as a lease.

Notes to the financial statements continued

2 July 2020

Note 16. Non-current assets - right-of-use assets (continued)

The following table shows the balances recognised on 1 April 2019 by the Group on adoption of IFRS 16:

	Group		Total £'000s
	Buildings £'000s	Service concessions £'000s	
Right-of-use assets	1,686	69	1,755
Accumulated depreciation	(570)	(15)	(585)
Lease liability	(1,195)	(55)	(1,250)
Net amount (debit) booked to equity			80

The Group recognised four building leases and one service concession arrangement that qualified as a lease under IFRS 16. The interest rates were derived on a lease by lease basis from the Group's marginal borrowing rate and were between 5.3% and 5.6%. The leases had remaining lives of between 1 year 3 months and 11 years at the time of transition.

The following table shows the balances recognised on 1 June 2019 by the Company on adoption of IFRS 16:

	Company	
		Pubs £'000s
Right-of-use assets		2,683
Accumulated depreciation		(171)
Lease liability		(2,546)
Dilapidations provision		(25)
Net amount (debit) booked to equity		59

The Group recognised three pub leases on adoption of IFRS 16. The interest rates were derived on a lease by lease basis from the Company's marginal borrowing rate and were between 4.6% and 5.2%. The leases had remaining lives of between 9 years and 20 years at the time of transition.

Note 17. Non-current assets - intangibles

	Goodwill £'000s	Product design and development £'000s	Patents and trademarks £'000s	Total £'000s
Group				
Cost				
Balance at 1 April 2018	106	-	43	149
Additions in year	-	-	7	7
Balance at 31 March 2019	106	-	50	156
Additions through business combinations (note 32)	8,037	-	-	8,037
Additions during the period	-	69	218	287
Balance at 2 July 2020	8,143	69	268	8,480
Accumulated amortisation and Impairments				
Balance at 1 April 2018	(106)	-	(9)	(115)
Charge for the year	-	-	(5)	(5)
Balance at 31 March 2019	(106)	-	(14)	(120)
Charge for the year	-	-	(5)	(5)
Balance at 2 July 2020	(106)	-	(19)	(125)
Net book value				
At 31 March 2019	-	-	36	36
At 2 July 2020	8,037	69	249	8,355

The Company has a goodwill balance of £1,074,000 at 2 July 2020 and 31 May 2019. The goodwill arose on the acquisition of the assets and businesses of Turf to Table Limited in 2018. There is no accumulated amortisation or impairment against this balance.

Notes to the financial statements continued

2 July 2020

Note 17. Non-current assets - intangibles (continued)

Impairment testing

Goodwill acquired through business combinations has been allocated to the following cash-generating units ("CGU"):

	Group	
	2020 £'000s	2019 £'000s
Consumer and Hospitality – Barkby Pubs	6,296	-
Consumer and Hospitality – Centurian Automotive	1,741	-
	8,037	-

The recoverable amount of the Group's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 3 year projection period approved by management and extrapolated for a further 2 years using a steady rate, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for the Consumer and Hospitality division:

- 8% WACC;
- 2% per annum projected revenue growth rate;

The discount rate of 8% reflects management's estimate of the time value of money and the Group's weighted average cost of capital.

Management believes the projected 2% revenue growth rate is prudent and justified, based on the general market conditions and long run expectations for the industry.

ANY OTHER KEY ASSUMPTIONS

There were no other key assumptions for the Consumer and Hospitality – Barkby Pubs CGU.

Based on the above, the recoverable amount of the Consumer and Hospitality – Barkby Pubs cash generating unit exceeded the carrying amount by £1,291,000.

The following key assumptions were used in the discounted cash flow model for the Consumer and Hospitality – Centurian CGU:

- 8% WACC;
- 2% per annum projected revenue growth rate.

The discount rate of 8% reflects management's estimate of the time value of money and the Group's weighted average cost of capital.

ANY OTHER KEY ASSUMPTIONS.

There were no other key assumptions for the Centurian CGU.

Based on the above, the recoverable amount of the Consumer and Hospitality – Centurian exceeded the carrying amount by £2,470,000.

As disclosed in note 3, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

- Revenue would need to decrease by more than 2.1% for Barkby Pubs and 1% for Centurian the CGU before goodwill would need to be impaired, with all other assumptions remaining constant.
- The discount rate would be required to increase by 1.2% for Barkby Pubs and 8% for Centurian before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of either CGU's goodwill is based would not cause the relevant cash-generating unit's carrying amount to exceed its recoverable amount.

Notes to the financial statements continued

2 July 2020

Note 18. Non-current assets - Investments

	Group	
	2 July 2020 £'000s	31 March 2019 £'000s
Investment in equity of Verso Biosense Ltd (formerly VivoPlex)	2,042	-
	Company	
	2 July 2020 £'000s	31 May 2019 £'000s
Opening balance	314	-
Acquisitions of share capital in subsidiary undertakings:		
Tarncourt Ambit Properties Limited (now Barkby Real Estate Development Limited)	14,645	-
Tarncourt Ambit Limited (now Barkby Real Estate Limited)	11,200	-
Workshop Trading Holdings Limited	4,781	-
Cambridge Sleep Sciences Limited*	-	-
Centurian Automotive Limited	-	314
	30,940	314

The Group, through its subsidiary Barkby Real Estate Developments Limited, excised its option to subscribe in VivoPlex Loan Notes. Subsequently the Loan Notes were converted into share capital.

The Company acquired the entire share capital of Tarncourt Ambit Properties Limited by issuing 48,816,667 ordinary shares to the shareholders of Tarncourt Ambit Properties Limited on 7 January 2020 as part of the business combination transaction with the Dickson Controlled Entities. The shares are valued at £0.30 per share, being the price that shareholders subscribed for shares in The Barkby Group Plc in a placing and subscription linked to the business combination and undertaken on the same day.

The Company acquired the entire share capital of Tarncourt Ambit Limited by issuing 37,333,334 ordinary shares to the shareholders of Tarncourt Ambit Limited on 7 January 2020 as part of the business combination transaction with the Dickson Controlled Entities. The shares are valued at £0.30 per share, being the price that shareholders subscribed for shares in The Barkby Group Plc in a placing and subscription linked to the business combination and undertaken on the same day.

The Company acquired the entire share capital of Workshop Trading Holdings Limited by issuing 15,936,166 ordinary shares to the shareholders of Workshop Trading Holdings Limited on 7 January 2020 as part of the business combination transaction with the Dickson Controlled Entities. The shares are valued at £0.30 per share, being the price that shareholders subscribed for shares in The Barkby Group Plc in a placing and subscription linked to the business combination and undertaken on the same day.

*The Company subscribed in cash for £71.40 of share capital of Cambridge Sleep Sciences Limited in the period ended 2 July 2020, representing 84.5% of Cambridge Sleep Sciences Limited's issued equity.

Notes to the financial statements continued

2 July 2020

Note 19. Borrowings

	Group			31 March 2019		
	2 July 2020					
	£'000s Current	£'000s Non-current	£'000s Total	£'000s Current	£'000s Non-current	Total £'000s
Bank overdrafts	1,480	-	1,480	-	-	-
Vehicle finance and associated loans	3,050	328	3,378	-	-	-
Bank loans	37	295	332	-	-	-
Other loans	4,359	2,026	6,385	682	1,845	2,527
Loans from related parties	73	2,250	2,323	-	1,150	1,150
	8,999	4,899	13,898	682	2,995	3,677

	Company			31 May 2019		
	2 July 2020					
	£'000s Current	£'000s Non-current	£'000s Total	£'000s Current	£'000s Non-current	Total £'000s
Bank overdrafts	1,480	-	1,480	51	-	51
Bank loans	29	295	324	-	336	336
	1,509	295	1,804	51	336	387

Refer to note 27 for further information on financial instruments.

Kitchen equipment lease liabilities of £37,000 were reported within the Company's non-current borrowings of £373,000 at 31 May 2019.

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	Group	
	2 July 2020 £'000s	31 March 2019 £'000s
Bank overdraft	1,480	-
Vehicle finance and associated loans	3,378	-
Bank loans	332	-
Other loans	6,178	2,384
	11,368	2,384

Assets pledged as security

The bank overdraft and loans are secured by charges over the Group's assets.

Vehicle finance and associated loans are secured against the Group's vehicle inventory, with each facility being linked to a specific vehicle or vehicles.

Other loans are secured on the Group's real estate development properties.

Financing arrangements

The Group has access to a term loan facility with Tarncourt Investments LLP, a related party. The facility is for up to £3.5 million, bears interest at 3.5% and is repayable in July 2021. At 2 July 2020, the Group had drawn £1,978,000 and so had unused financing available of £1,522,000.

Notes to the financial statements continued

2 July 2020

Note 20. Lease liabilities

	Group			31 March 2019		
	2 July 2020		£ 000s Total	31 March 2019		Total £'000s
	£'000s Current	£ 000s Non-current		£ 000s Current	£ 000s Non-current	
Building lease liabilities	185	162	347	-	-	-
Pub lease liabilities	273	2,187	2,460	-	-	-
Kitchen equipment lease liabilities	9	-	9	-	-	-
Service concession lease liabilities	24	-	24	-	-	-
	491	2,349	2,840	-	-	-

	Company			31 May 2019		
	2 July 2020		£ 000s Total	31 May 2019		Total £'000s
	£'000s Current	£ 000s Non-current		£ 000s Current	£ 000s Non-current	
Pub lease liabilities	273	2,187	2,460	-	-	-
Kitchen equipment lease liabilities	9	-	9	-	37	37
	282	2,187	2,469	-	37	37

Refer to note 27 for further information on financial instruments.

Kitchen equipment lease liabilities were reported within non-current borrowings in the Company's 31 May 2019 balance sheet.

Note 21. Current liabilities - income tax

	Group	
	2 July 2020 £'000s	31 March 2019 £'000s
Provision for Corporation Tax	107	103

Notes to the financial statements continued

2 July 2020

Note 22. Current liabilities - other

	Group	
	2 July 2020 £'000s	31 March 2019 £'000s
Accruals	577	144
Amounts owed to related parties	-	2,582
Tax and social security payable	477	414
Pension contributions payable	11	-
Retentions	115	-
Deferred consideration	592	-
Customer deposits	56	-
Other payables	5	212
	1,833	3,352

	Company	
	2 July 2020 £'000s	31 May 2019 £'000s
Accruals	296	-
Tax and social security payable	301	-
Pension contributions payable	2	-
Retentions and deferred consideration	592	364
Customer deposits	56	-
Other payables	13	155
	1,260	519

Deferred consideration relates to the acquisition of Turf 2 Table (25 June 2018) by The Barkby Group Plc, which occurred in the prior period for the Company, and £375,000 payable to three shareholders under the terms of the acquisition of Tarncourt Ambit Limited (now Barkby Real Estate Limited) on 7 January 2020.

The consideration payable in relation to Turf 2 Table acquisition is contingent on the performance of the business and was valued at £217,000 at 2 July 2020 based on the expected future trade of the business.

Notes to the financial statements continued

2 July 2020

Note 23. Non-current liabilities - provisions

	Group	
	2 July 2020 £'000s	31 March 2019 £'000s
Dilapidations provisions	28	-

	Company	
	2 July 2020 £'000s	31 May 2019 £'000s
Dilapidations provisions	28	-

Dilapidations provisions

The provision represents the present value of the estimated costs to make good the Pub premises leased by the Group (and Company) at the end of the respective lease terms.

Movements in provisions

Movements in each class of provision during the current financial year are set out below:

	Dilapidations provision £'000s
Group - 2020	
Carrying amount at 1 April 2019	-
Fair value of provisions acquired in business combination	28
Carrying amount at 2 July 2020	28

	Dilapidations provision £'000s
Company - 2020	
Carrying amount at 1 June 2019	-
Adoption of IFRS 16	25
Dilapidations associated with new Pub lease in period	3
Carrying amount at 2 July 2020	28

Notes to the financial statements continued

2 July 2020

Note 24. Equity - issued capital

	Group			
	2 July 2020 Shares	31 March 2019 Shares	2 July 2020 £'000s	31 March 2019 £'000s
New ordinary shares - fully paid (£0.00860675675675676 per share)	135,235,066	-	1,164	-
Ordinary shares - fully paid up (£0.0033 per share)	-	42,164,167	-	139

	Company			
	2 July 2020 Shares	31 May 2019 Shares	2 July 2020 £'000s	31 May 2019 £'000s
New ordinary shares - fully paid (£0.00860675675675676 per share)	135,235,066	-	1,164	-
Ordinary shares - fully paid up (£0.0033 per share)	-	42,164,167	-	139

During the period ended 2 July 2020 the Company undertook the following transactions in relation to its issued share capital:

a) Share consolidation on 18 December 2019

157 existing shares of 0.33p per share were issued to ensure that the number of shares in issue was divisible by 193. This was then followed by 74 new ordinary shares being issued for every 193 existing ordinary shares, resulting in the cancellation of 42,164,324 ordinary shares and the issuance of 16,166,632 new ordinary shares of 0.860675675675676p per share.

b) Consideration shares on 7 January 2020

As part of the acquisition of the Dickson Controlled Entities, the Company issued 102,086,167 shares on 7 January 2020 in order to acquire the entire share capital of Tarncourt Ambit Limited, Tarncourt Ambit Properties Limited and Workshop Trading Holdings Limited. For the purposes of the legal acquisition of the share capital of the above entities, The Barkby Group Plc shares were valued at 30p per share, with the excess of the price over the nominal value of the share capital being booked to the Company's merger reserve.

c) Placing and subscription on 7 January 2020

The Company issued 16,666,667 shares on 7 January 2020 for cash at 30p per share as a result of a placing and subscription. The total proceeds raised were £5 million and the excess of the price per share over the nominal value of the share capital was booked to the Company's share premium account.

d) Fee shares on 7 January 2020

The Company issued 315,600 shares to FinnCap, the Company's advisers to the reverse takeover transaction, share capital placing and subscription and the Company's listing on AIM, which all took effect on 7 January 2020. The shares were valued at 30p per share, giving a total value of £94,680, being the value of the services received by the Company from FinnCap. The excess of the price per share over the nominal value of the share capital was booked to the Company's share premium account.

Notes to the financial statements continued

2 July 2020

Note 24. Equity - issued capital (continued)

Movements in ordinary share capital - Group and Company

Details	Date	Shares	Nominal value £ per share	£'000
Balance	1 January and 1 April 2018	860,859,050	0.0001	86
Share consolidation - cancellation of existing shares	25 June 2018	(860,859,050)	0.0001	(86)
Share consolidation - issue of new shares	25 June 2018	26,086,638	0.0033	86
Shares issued - Turf to Table acquisition	25 June 2018	5,777,778	0.0033	19
Shares placed for cash proceeds	25 June 2018	6,083,335	0.0033	20
Shares issued - Centurian Automotive acquisition	14 February 2019	4,216,416	0.0033	14
Balance	31 March and 31 May 2019	42,164,167	0.0033	139
Shares issued	18 December 2019	157	0.0033	-
Share consolidation - cancellation of existing shares	7 January 2020	(42,164,324)	0.0033	(139)
Share consolidation - issue of new shares	7 January 2020	16,166,632	0.0086	139
Shares issued - Dickson Controlled Entities acquisition	7 January 2020	102,086,167	0.0086	879
Shares placed for cash proceeds	7 January 2020	16,666,667	0.0086	143
Shares issued for fees	7 January 2020	315,600	0.0086	3
Balance	2 July 2020	135,235,066	0.0086	1,164

Ordinary shares

The nominal value of the ordinary shares is £0.00860675675675676 per share. This is shown as £0.0086 in the table above for clarity.

Warrants

The Company has the following Warrants outstanding at 2 July 2020:

		Number	Date granted	Price (£ per share)
Giles Clarke	Warrants	1,452,347	30/12/2015	0.0860
Rupert Fraser	Warrants	1,452,347	30/12/2015	0.0860
Jeremy Sparrow	Warrants	255,612	22/07/2016	0.1979
		3,160,306		

The Warrants issued to Giles Clarke and Rupert Fraser are exercisable at any time during the period of five years to 30 December 2020 with certain exceptions that could restrict the timing or the number of warrants that could be exercised at a particular point in time. On 24 December 2020, Giles Clarke exercised his Warrants and the Company issued 1,452,347 shares. In addition, on 24 December 2020, the expiry date of the Warrants issued to Rupert Fraser was extended by one year to 30 December 2021.

The Warrants issued to Jeremy Sparrow are exercisable at any time during the period from 28 July 2016 to 29 July 2021 with certain exceptions that could restrict the timing or the number of warrants that could be exercised at a particular point in time.

Notes to the financial statements continued

2 July 2020

Note 25. Equity - retained losses

	Group	
	2020 £'000s	2019 £'000s
Retained loss at the beginning of the financial period/year	(5,505)	(4,719)
Implementation of IFRS 16	(80)	-
Retained loss at the beginning of the period/year, restated	(5,585)	(4,719)
Loss after income tax expense for the period/year attributable to shareholders of the Company	(3,095)	(786)
Transfer of loss from non-controlling interests	(44)	-
Payment to shareholders of Tarncourt Ambit Limited	(750)	-
Capital reduction	9,425	-
Retained losses at the end of the financial period/year	(49)	(5,505)

	Company	
	2020 £'000s	2019 £'000s
Retained loss at the beginning of the financial period	(8,301)	(8,150)
Implementation of IFRS 16	(59)	-
Retained loss at the beginning of the financial period, restated	(8,360)	(8,150)
Loss after income tax expense for the period	(1,916)	(151)
Payment to shareholders of Tarncourt Ambit limited	(750)	-
Capital reduction	9,425	-
Retained losses at the end of the financial period	(1,601)	(8,301)

Capital reduction

The Company undertook a capital reduction by Court Order during the financial period ended 2 July 2020. The court sanctioned the Order on 25 June 2020, reducing the Company's capital and resulting in a transfer of £9,425,000 to retained losses.

Payment to shareholders of Tarncourt Ambit Limited

As part of the business combination, it was agreed to pay £750,000 to certain shareholders of the Company who had been shareholders of Tarncourt Ambit Limited. This has been treated as a transaction with shareholders in their capacity as shareholders and so has been recorded in equity.

Notes to the financial statements continued

2 July 2020

Note 26. Equity – other reserves

Group				
	Note	Share premium £'000s	Capital redemption reserve £'000s	Merger reserve £'000s
Balance at 1 April 2018		5,564	3,078	(8,252)
Shares issued		783	-	(836)
Balance at 31 March 2019		6,347	3,078	(9,088)
Capital reduction		(6,347)	(3,078)	-
Shares issued to settle fees	24	92	-	-
Shares issued for business combinations	24, 32	-	-	5,446
Costs associated with issuance of shares		(626)	-	-
Shares issued for cash	24	4,857	-	75
Shares issued to cancel liabilities		-	-	3,145
Balance at 2 July 2020		4,323	-	(422)

Company				
	Note	Share premium £'000s	Capital redemption reserve £'000s	Merger reserve relief £'000s
Balance at 1 January 2018		5,564	3,078	-
Shares issued		783	-	-
Balance at 31 May 2019		6,347	3,078	-
Capital reduction		(6,347)	(3,078)	-
Shares issued to settle fees	24	92	-	-
Shares issued to acquire subsidiaries	24	-	-	29,747
Costs associated with issuance of shares		(626)	-	-
Shares issued for cash	24	4,857	-	-
Balance at 2 July 2020		4,323	-	29,747

Capital reduction

The Company undertook a capital reduction by court order during the financial period ended 2 July 2020. The court sanctioned the Order on 25 June 2020, reducing the Company's share premium by £6,347,000 and utilising the entirety of the Company's capital redemption reserve (£3,078,000), resulting in a reduction in the Company's retained losses of £9,425,000.

Shares issued for cash

In addition to the shares issued by The Barkby Group Plc as part of the placing and subscription aligned to the business combination on 7 January 2020, the Dickson Controlled Entities issued equity of £75,000 for cash consideration in the period from 1 April 2019 to 6 January 2020.

Shares issued to cancel liabilities

In the period from 1 April 2019 to 6 January 2020, the Dickson Controlled Entities issued £3,145,000 of equity in order to satisfy liabilities of the same value.

Notes to the financial statements continued

2 July 2020

Note 27. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group, on occasion, uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

In order to protect against exchange rate movements, the Group, on occasion, enters into forward foreign exchange contracts. These contracts are hedging highly probable forecasted cash flows for the ensuing financial year. There were no contracts extant at either 31 March 2019, or 2 July 2020.

The Group had no foreign currency denominated financial assets at either 31 March 2019 or 2 July 2020. The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Liabilities	
	2 July 2020 £'000s	31 March 2019 £'000s
Group		
US dollars	77	110
Euros	-	5
Total	77	115

The Group had net liabilities denominated in foreign currencies of £77,000 as at 2 July 2020 (31 March 2019: £115,000). Based on this exposure, had Pound Sterling weakened by 10%/strengthened by 10% (31 March 2019: weakened by 5%/strengthened by 5%) against these foreign currencies with all other variables held constant, the Group's loss before tax for the period would have been £7,000 higher/£8,000 lower (31 March 2019: £6,000 higher/£5,000 lower). Equity would have been £7,000 lower/£8,000 higher (31 March 2019: £6,000 lower/£5,000 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the financial period and the spot rate at each reporting date. The actual foreign exchange loss for the period ended 2 July 2020 was £40,000 (2019: loss of £11,000).

The Company had no foreign currency denominated financial assets or liabilities at either 2 July 2020 or 31 May 2019.

Notes to the financial statements continued

2 July 2020

Note 27. Financial instruments (continued)

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value risk. The Group's policy is to maintain a range of borrowings appropriate for the individual businesses. For example, Centurian relies on specific trade finance that is secured on the value of its vehicle inventory.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has no concentration of credit risk exposure.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date are shown in Note 19.

Notes to the financial statements continued

2 July 2020

Note 27. Financial instruments (continued)**Remaining contractual maturities**

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate %	1 year or less £'000s	Between 1 and 2 years £'000s	Between 2 and 5 years £'000s	Over 5 years £'000s	Remaining contractual maturities £'000s
Group - 2020						
Non-Interest bearing						
Trade payables	-	1,937	-	-	-	1,937
Other payables	-	711	-	-	-	711
Loans from related parties	-	-	272	-	-	272
Interest bearing - variable						
Bank overdraft	3.5%	1,480	-	-	-	1,480
Bank loans	3.7%	38	30	300	-	368
Interest-bearing - fixed rate						
Vehicle finance	8.4%	3,073	88	258	-	3,419
Other loans	7.4%	4,451	2,001	-	-	6,452
Lease liabilities	5.0%	508	371	918	2,059	3,856
Loans from related parties	3.5%	73	1,978	-	-	2,051
Total		12,271	4,740	1,476	2,059	20,546

	Weighted average interest rate %	1 year or less £'000s	Between 1 and 2 years £'000s	Between 2 and 5 years £'000s	Over 5 years £'000s	Remaining contractual maturities £'000s
Group - 2019						
Non-derivatives						
Non-Interest bearing						
Trade payables	-	471	-	-	-	471
Other payables	-	2,794	-	-	-	2,794
Loans from related parties	-	-	1,150	-	-	1,150
Interest-bearing - fixed rate						
Other loans	9.29%	726	1,775	29	-	2,530
Total		3,991	2,925	29	-	6,945

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Notes to the financial statements continued

2 July 2020

Note 28. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

The Group had no liabilities measured or disclosed at fair value at either 31 March 2019 or 2 July 2020.

	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	Total £'000s
Group - 2020				
Assets				
Ordinary shares at fair value through profit or loss	-	-	2,041	2,041

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Valuation techniques for fair value measurements categorised within Level 2 and Level 3

Unquoted investments have been valued using a range of methods, taking into account the cost of the investments and other information available to the Group's Directors on the financial and non-financial performance of the investment, including the prices unrelated parties have invested at and the expected price at which the next equity raise would be undertaken at.

Level 3 assets and liabilities

Movements in Level 3 assets and liabilities during the current and previous financial year are set out below:

	Ordinary shares at fair value through P&L £'000s	Ordinary shares at fair value through OCI £'000s	Total £'000s
Group			-
Balance at 1 April 2019	-	-	-
Gains recognised in profit or loss	-	-	-
Gains recognised in other comprehensive income	-	-	-
Additions	2,041	-	2,041
Balance at 2 July 2020	2,041	-	2,041

Note 29. Directors' remuneration

Compensation

The aggregate compensation made to directors of the Group is set out below:

	Group	
	2020 £'000s	2019 £'000s
Salaries	415	351
Cash bonus	45	-
Contributions to defined contribution pensions	1	16
Other benefits	2	3
	463	370

The highest paid director received total remuneration of £121,000 in the period ended 2 July 2020 (£100,000 for the period ended 31 May 2019).

Notes to the financial statements continued

2 July 2020

Note 30. Commitments**Capital commitments**

	Group	
	2 July 2020	31 March 2019
	£'000s	£'000s
Committed at the reporting date but not recognised as liabilities, payable:		
Intangible assets	120	-

Note 31. Related party transactions**Parent entity**

The Barkby Group Plc is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 33.

Key management personnel

Disclosures relating to key management personnel are set out in note 29.

Transactions with related parties

The following transactions occurred with related parties:

	Group	
	2020	2019
	£'000s	£'000s
Sales of cars to related parties	149	-
Purchases of cars from related parties	38	-
Purchases of services from related parties	75	58
Payments to related parties*	-	2,832

* In 2019 the Board of Tarncourt Ambit Properties Limited resolved to allocate profit on sale of property projects to the extent of £2,832,000 to related companies who had funded and assisted with the working capital funding of the projects.

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Group	
	2020	2019
	£'000s	£'000s
Current receivables:		
Trade receivables due from related parties	28	-
Other receivables due from related parties	70	-

Loans from related parties

The following loan balances are outstanding at the reporting date in relation to related parties:

	Group	
	2020	2019
	£'000s	£'000s
Loans from related parties		
Current liabilities:		
Interest bearing loans	73	-
Non-current liabilities		
Non-interest bearing loans	272	1,150
Interest bearing loans	1,978	-

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Notes to the financial statements continued

2 July 2020

Note 32. Business combinations

On 7 January 2020 The Barkby Group Plc, acquired 100% of the ordinary shares of Tarncourt Ambit Limited, Tarncourt Ambit Properties Limited and Workshop Trading Holdings Limited. These entities, together with Workshop Trading Holdings Limited's subsidiary Workshop Trading (London) Limited are the Dickson Controlled Entities, so called as they were under the common control of members of the Dickson family. The Barkby Group Plc issued 102,086,167 ordinary shares to the shareholders of the Dickson Controlled Entities. As these shareholders ended up owning 86% of the enlarged group, the transaction is considered a reverse takeover under the provisions of IFRS 3.

In accounting for a reverse acquisition (rather than an acquisition) the combined financial statements are deemed to be a continuation of the operations of the legal acquiree (the Dickson Controlled Entities) rather than a continuation of those of the legal acquirer (The Barkby Group Plc).

The assets and liabilities of the Dickson Controlled Entities are recognised and measured in the Group financial statements at the pre-combination carrying amounts, without restatement to fair value and no goodwill arises in relation to them. Conversely, the assets of The Barkby Group Plc are consolidated at their fair values.

The overall effect is that the consolidated financial statements are prepared from the perspective of the Dickson Controlled Entities rather than The Barkby Group Plc, in summary this means:

- The comparative consolidated financial information is that of an aggregation of the Dickson Controlled Entities rather than that of The Barkby Group Plc.
- The results for the period and consolidated cumulative profit and loss reserves are those of the Dickson Controlled Entities plus the post-acquisition results of The Barkby Group Plc
- A merger reserve of £422,000 (debit balance) has been created.
- The share capital, share premium account and merger reserve are that of The Barkby Group Plc
- The cost of the combination has been determined from the perspective of the Dickson Controlled Entities.

Goodwill arises on the reverse acquisition when comparing the deemed fair value consideration of the Dickson Controlled Entities acquiring the shares of The Barkby Group Plc. The fair value of the consideration is the market capitalisation of The Barkby Group Plc at acquisition based on the share price immediately prior to the announcement of the acquisition.

Notes to the financial statements continued

2 July 2020

Note 32. Business combinations (continued)

Details of the acquisition are as follows:

	Fair value £'000s
Cash and cash equivalents	42
Trade receivables	44
Other receivables and current assets	341
Prepayments	831
Property, plant and equipment – owned assets	1,057
Property, plant and equipment – Right of Use assets	2,512
Investments	50
Inventories	2,995
Trade payables	(1,325)
Other payables and accruals	(1,266)
Borrowings	(3,736)
Overdraft	(591)
Lease liabilities	(2,598)
Provisions	(28)
Employee benefits	(40)
Net liabilities acquired	(1,712)
Goodwill	8,037
Acquisition-date fair value of the total consideration transferred	6,325
Representing:	
Shares issued	6,325
Acquisition costs expensed*	230
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	230
Less: cash and cash equivalents acquired	
Cash	(42)
Overdrafts	591
Net cash used	779

*Acquisition costs shown are the element taken to profit or loss out of the total costs of £856,000 for the business combination, share placing and listing on AIM that were all undertaken at the same time.

The acquisition consideration, net assets and goodwill are based upon the reverse acquisition of The Barkby Group Plc by the Dickson Controlled entities. The fair value of the consideration is the market capitalisation of The Barkby Group Plc at acquisition.

The value of the consideration shares recognised by The Barkby Group Plc in its entity financial statements was £30,626,000 based upon the 30.0p per share that the placing and subscription shares issued at the same time were priced at.

Transaction costs of equity transactions relating to the issue and re-admission of the Company's shares are accounted for as a deduction from equity where they relate to the issue of new shares and listing costs are charged to the Consolidated Statement of Comprehensive Income.

The fair value of the net liabilities acquired and shown in the table above was £1,712,000. The fair value of the consideration was £6,325,000 resulting in goodwill on reverse acquisition of £8,037,000.

If The Barkby Group Plc and its subsidiary undertaking, Centurian Automotive Limited, had been part of the group for their full financial period (1 June 2019 to 2 July 2020), they would have contributed revenue of £12,741,000 and a loss for the period of £4,047,000.

Notes to the financial statements continued

2 July 2020

Note 33. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business and Country of incorporation	Ownership interest	
		2 July 2020 %	31 May 2019 %
Barkby Real Estate Limited, formerly Tarncourt Ambit Limited	United Kingdom	100%	-
Barkby Real Estate Developments Limited, formerly Tarncourt Ambit Properties Limited	United Kingdom	100%	-
Workshop Trading Holdings Limited	United Kingdom	100%	-
Workshop Trading (London) Limited	United Kingdom	100%	-
Centurian Automotive Limited	United Kingdom	100%	100%

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary with non-controlling interests in accordance with the accounting policy described in note 2:

Name	Principal place of business and Country of incorporation	Principal activities	Parent		Non-controlling interest	
			Ownership interest 2020 %	Ownership interest 2019 %	Ownership interest 2020 %	Ownership interest 2019 %
Cambridge Sleep Sciences Limited	United Kingdom	Life Sciences	85%	-	15%	-
Cambridge Sleep Sciences Limited was incorporated in January 2020.						

Summarised financial information

Summarised financial information of the subsidiary with non-controlling interests that are material to the Group are set out below:

	Cambridge Sleep Sciences Limited 2 July 2020 £'000s
Summarised statement of financial position	
Current assets	105
Non-current assets	281
Total assets	386
Current liabilities	(679)
Net assets	(293)
Summarised statement of profit or loss and other comprehensive income	
Expenses	(293)
Loss before income tax expense	(293)
Income tax expense	-
Profit after income tax expense and total comprehensive loss for the period	(293)
Statement of cash flows	
Net cash from operating activities	280
Net cash used in investing activities	(280)
Net cash used in financing activities	-
Net increase/(decrease) in cash and cash equivalents	-
Other financial information	
Loss attributable to non-controlling interests	(44)
Accumulated non-controlling interests at the end of reporting period	-

Notes to the financial statements continued

2 July 2020

Note 34. Post Balance Sheet Events

CBILS Loan

In July 2020, the Company borrowed £1m from HSBC under the UK Government's Coronavirus Business Interruption Loan Scheme. The loan provides extra liquidity to support, in particular, the Group's Hospitality and Consumer division after a period of severe disruption due to Covid-19.

Further investment in Verso Biosense (VivoPlex)

In August 2020, the Group invested a further £500,000 into Verso Biosense (then VivoPlex) via a Convertible Loan Agreement "CLA". The CLA has a term of 36 months and an interest rate of 8%, which is non-compounding, and, if payable, will accrue daily. The CLA will convert to equity at a 20% discount to the lowest price paid by investors.

Practical completion of Hastings development

The Group's Hastings development completed in August 2020. This resulted in the invoicing of the Group's amounts recoverable under contracts asset recognised at 2 July 2020 (contract asset of £4,898,000) and the subsequent collection of the resultant receivables.

New lease arrangement

In September 2020, the Company entered into a new six year lease for The Harcourt Arms, a village pub with 125 covers and 10 rooms to let. The resultant Right-of-use asset was recognised at £679,000, with a lease liability of £669,000 and a dilapidations provision of £10,000 also being recognised.

Settlement of deferred consideration

In September 2020, the Company and Turf to Table Limited agreed an amendment to the deferred consideration payable to Turf to Table Limited from the Company's acquisition of pub asset and trade in 2018.

The total payment agreed was £115,000, of which £60,000 was satisfied by the issuance of 260,869 ordinary shares by the Company (at 23p per share), with the balance of £55,000 being paid in cash. The balance previously recognised as a deferred consideration payable at 2 July 2020 was £150,000, with the difference being taken to profit or loss in the financial year ended 1 July 2021.

Notes to the financial statements continued

2 July 2020

Note 35. Movements in borrowings in the period

Group

	Movement in period ended 2 July 2020					Balance at 2 July 2020 £'000s
	Balance at 1 April 2019 £'000s	Acquired in business combination £'000s	Proceeds of borrowings £'000s	Non-cash movements £'000s	Repayments £'000s	
Overdrafts	-	591	939	-	(50)	1,480
Bank loans	-	349	-	-	(17)	332
Vehicle finance	-	3,172	3,004	-	(2,799)	3,377
Other loans	2,527	120	3,795	-	(56)	6,386
Loans from related parties	1,150	95	2,187	(1,000)	(109)	2,323
Total borrowings	3,677	4,327	9,925	(1,000)	(3,031)	13,898
Reported as						
Current liabilities	682					8,854
Non-current liabilities	2,995					5,044
Total borrowings	3,677					13,898

	Movement in year ended 31 March 2019					Balance at 31 March 2019 £'000s
	Balance at 1 April 2018 £'000s	Acquired in business combination £'000s	Proceeds of borrowings £'000s	Non-cash movements £'000s	Repayments £'000s	
Other loans	1,799	-	1,024	-	(296)	2,527
Loans from related parties	3,654	-	962	(3,466)	-	1,150
Total borrowings	5,453	-	1,986	(3,466)	(296)	3,677
Reported as						
Current liabilities	174					682
Non-current liabilities	5,279					2,995
Total borrowings	5,453					3,677

Notes to the financial statements continued

2 July 2020

Note 36. Loss per share

	Consolidated	
	2020 £'000s	2019 £'000s
Earnings per share for profit (all from continuing operations)		
Loss after income tax	(3,139)	(786)
Non-controlling interest	44	-
Profit after income tax attributable to the owners of The Barkby Group Plc (Basic and diluted calculations)	(3,095)	(786)
	pence	pence
Basic earnings per share	(2.69)	(0.77)
Diluted earnings per share	(2.69)	(0.77)
	Number	Number
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used in calculating basic earnings per share	114,896,986	102,086,167
Adjustments for calculation of diluted earnings per share:		
Warrants over ordinary shares	1,221,341	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	116,118,327	102,086,167

Shareholder Information

2 July 2020

Senior personnel, committees, banks, advisers and others**Directors****Charles Dickson**

Executive Chairman

Rupert Fraser

Group Managing Director

Douglas Benzie

Chief Financial Officer

Jonathan Warburton

Non-executive and senior independent

Jeremy Sparrow

Non-executive

Matthew Wood

Non-executive

Company Secretary

Douglas Benzie

Audit Committee

Jonathan Warburton

Jeremy Sparrow

Matthew Wood

Remuneration Committee

Jonathan Warburton

Jeremy Sparrow

Matthew Wood

Nomination Committee

Charles Dickson

Jonathan Warburton

Jeremy Sparrow

Matthew Wood

Banks

HSBC UK Bank Plc

2 Cannon St

Bedminster

Bristol

BS3 1BW

Auditor

Crowe U.K. LLP

55 Ludgate Hill,

London,

EC4M 7JW

Nominated Advisor

FinnCap

One Bartholomew Close

London

EC1A 7BL

Financial Public Relations Advisers

Camarco

107 Cheapside

London

EC2V 6DN

Solicitors

Kuit Steinart Levy LLP

3 St Mary's Parsonage

Manchester

M3 2RD

Shareholder information**Registrar**

The company's registrar is Share Registrars Limited. They can be contacted at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR. Their telephone no. is 01252 821390.

Queries

If a shareholder has any questions about their shareholding or if they require other guidance (e.g. to notify a change of address or to give instructions for dividends to be paid directly into a bank account), please contact Share Registrars Limited (see above).

Registered office and company number

115b Innovation Drive

Milton

Abingdon

England

OX14 4RZ

Registered number: 07139678



Further information

please visit

www.barkbygroup.com

