

Company registration number 07176524 (England and Wales)

NOTES: MUSIC & COFFEE LTD
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022
PAGES FOR FILING WITH REGISTRAR

NOTES: MUSIC & COFFEE LTD

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NOTES: MUSIC & COFFEE LTD

BALANCE SHEET

AS AT 30 JUNE 2022

		2022	2021
	Notes	£	as restated £
Fixed assets			
Tangible assets	4	722,328	685,376
Current assets			
Stocks		149,377	119,639
Debtors	5	866,353	602,776
Cash at bank and in hand		386,773	334,951
		<u>1,402,503</u>	<u>1,057,366</u>
Creditors: amounts falling due within one year	6	<u>(2,187,691)</u>	<u>(1,441,878)</u>
Net current liabilities		<u>(785,188)</u>	<u>(384,512)</u>
Total assets less current liabilities		<u>(62,860)</u>	<u>300,864</u>
Creditors: amounts falling due after more than one year	7	(1,351,860)	(1,484,006)
Provisions for liabilities	8	<u>(190,731)</u>	<u>-</u>
Net liabilities		<u><u>(1,605,451)</u></u>	<u><u>(1,183,142)</u></u>
Capital and reserves			
Called up share capital	10	198	198
Share premium account		2,466,710	2,466,710
Profit and loss reserves		<u>(4,072,359)</u>	<u>(3,650,050)</u>
Total equity		<u><u>(1,605,451)</u></u>	<u><u>(1,183,142)</u></u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 30 June 2022 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

NOTES: MUSIC & COFFEE LTD

BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2022

The financial statements were approved by the board of directors and authorised for issue on 6 January 2023 and are signed on its behalf by:

R W Robinson
Director

Company Registration No. 07176524

NOTES: MUSIC & COFFEE LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

Company information

Notes: Music & Coffee Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 300 Thames Valley Park Drive, Reading, RG6 1PT.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

Other borrowings included within creditors due after one year represent shareholder loans amounting to £1,311,554 (2021: £1,311,554), the repayment terms of which are more than twelve months from the date of these financial statements. Bank loans total £105,000 (2021: £266,675) as at 30 June 2022, of which £35,000 (2021: £161,679) is due after more than one year.

The directors have carried out a detailed review of the company's financial position including a review of cash flows, forecasts and current pipeline. Within this review, the directors have considered the increasingly broad effects of COVID-19 and its impact on the global economy. At the time of approving the financial statements, the directors are of the opinion that the company will continue to be able to meet its financial obligations as they fall due and to continue in operational existence for at least the next twelve months from the date of approval of the accounts.

After making enquiries, including consideration of the above, the directors have a reasonable expectation that the company has adequate cash resources to continue in operational existence for the foreseeable future and to meet its financial obligations as they fall due. On this basis, the directors continue to adopt the going concern basis when preparing the annual report and financial statements.

1.3 Turnover

Turnover consists of the revenue derived from the company's principal activity and includes the sale of hot and cold food and drink. Turnover is recognised at the fair value of the consideration received or receivable for the sale of these products in the normal course of business, and is shown net of VAT and other sales related taxes.

Other operating income consists of Covid-19 related grants including the coronavirus job retention scheme, rents, management fees and sundry income receivable from third parties.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Leasehold land and buildings	Straight line over the life of the lease
Plant and machinery	33.33% straight line
Fixtures, fittings & equipment	33.33% straight line
Computer equipment	33.33% straight line
Motor vehicles	33.33% straight line

NOTES: MUSIC & COFFEE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

NOTES: MUSIC & COFFEE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Impairment of financial liabilities

Financial liabilities are assessed for indicators of impairment at each reporting end date.

Financial liabilities are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial liability, the estimated future cash outflows have been affected. If a liability is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the liabilities original effective interest rate. The impairment is recognised in profit or loss.

If there is a decrease in the impairment arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

1.8 Equity instruments

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

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.9 Taxation

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

NOTES: MUSIC & COFFEE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

1.10 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that 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 end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.11 Employee benefits

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

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

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

1.12 Retirement benefits

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

1.13 Leases

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

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

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

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.15 Capital contributions

Amounts received to finance capital expenditure are amortised to the Profit and Loss account to match against the depreciation charged on the associated capital items acquired. Such amounts are recorded as part of other operating income.

NOTES: MUSIC & COFFEE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

2 Judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

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

Dilapidation provision

Determining the dilapidation provision of £190,731 included within these financial statements required the directors to estimate:

- An appropriate discount rate to determine the present value of further cash flows. In arriving at the discount factor, the directors had to consider the company's likely borrowing costs and forecasts of likely future inflation rates, and
- The likely date that such liabilities will crystallise. In all cases, the directors estimate that the future cash outflows will occur on the final day of the lease term in place at the balance sheet date.

3 Employees

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

	2022 Number	2021 Number
Total	102	64
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NOTES: MUSIC & COFFEE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

4 Tangible fixed assets

	Land and buildings £	Plant and machinery etc £	Total £
Cost			
At 1 July 2021	1,414,713	1,773,400	3,188,113
Additions	195,483	54,706	250,189
Disposals	-	(2,341)	(2,341)
At 30 June 2022	1,610,196	1,825,765	3,435,961
Depreciation and impairment			
At 1 July 2021	876,395	1,626,352	2,502,747
Depreciation charged in the year	125,649	87,578	213,227
Eliminated in respect of disposals	-	(2,341)	(2,341)
At 30 June 2022	1,002,044	1,711,589	2,713,633
Carrying amount			
At 30 June 2022	608,152	114,176	722,328
At 30 June 2021	538,318	147,058	685,376

Plant and machinery includes assets held subject to hire purchase and finance leases. Such assets had a net book value as at 30 June 2022 of £639 (2021: £7,541). Depreciation amounting to £6,901 (2021: £11,195) was charged during the year.

Additions to leasehold land and buildings include £190,731 in connection with the dilapidation provision made as at 30 June 2022. The provision will be amortised over the remaining term of the individual leases with effect from 1 July 2022.

5 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	112,006	91,630
Corporation tax recoverable	-	4,619
Other debtors	754,347	506,527
	866,353	602,776

Other debtors include rent deposits of £279,481 (2021: £260,165) which is due after more than one year.

NOTES: MUSIC & COFFEE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

6 Creditors: amounts falling due within one year

	2022	2021
	£	£
Bank loans and overdrafts	70,000	105,402
Obligations under finance leases	5,468	8,343
Trade creditors	1,036,009	457,565
Taxation and social security	170,851	79,142
Other creditors	549,001	509,743
Accruals and deferred income	356,362	281,683
	<u>2,187,691</u>	<u>1,441,878</u>

The bank loans are secured by a fixed and floating charge over the company's assets and by personal guarantees given by certain directors. The finance leases are secured on the assets concerned.

Other creditors include unpaid interest on shareholder loans amounting to £385,342 (2021: £319,751). Such amounts are repayable on demand and further details can be found in note 12 of these financial statements.

7 Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Bank loans and overdrafts	35,000	161,679
Obligations under finance leases	5,306	10,774
Other borrowings	1,311,554	1,311,553
	<u>1,351,860</u>	<u>1,484,006</u>

The bank loans are secured by a fixed and floating charge over the company's assets and by personal guarantees given by certain directors. The finance leases are secured on the assets concerned.

Other borrowings include non-interest bearing loans from director-shareholders of £301,710 (2021: £301,710). Such amounts are recorded at transaction cost.

8 Provisions for liabilities

	2022	2021
	£	£
Dilapidation provision	<u>190,731</u>	<u>-</u>
Movements on provisions:		
		Dilapidation provision
		£
Additional provisions in the year		<u>190,731</u>

NOTES: MUSIC & COFFEE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

9 Deferred taxation

There were no deferred tax movements in the year.

Deferred tax is not recognised in respect of tax losses of £2,081,890 as it is not probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits in the foreseeable future.

10 Called up share capital

	2022	2021
	£	£
Ordinary share capital		
Issued and fully paid		
17,951,096 A Ordinary of 0.001p each	180	180
918,323 B Investment of 0.001p each	9	9
889,135 C Ordinary of 0.001p each	9	9
	<u>198</u>	<u>198</u>

The A Ordinary Shares hold the right to vote.

The B Investment Shares do not hold the right to vote.

The C Ordinary Shares hold the right to vote.

11 Operating lease commitments

Lessee

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

2022	2021
£	£
4,692,630	5,525,046

12 Events after the reporting date

On 31 October 2022, WSH Retail Limited acquired the company's entire share capital.

13 Related party transactions

Transactions with related parties

Included within Other Creditors are amounts owed to Flat Cap Coffee Co Limited, a company under common control. As at 30 June 2022, Flat Cap Coffee Co Limited was owed £20,709 (2021: £32,011).

As at 30 June 2022, certain directors had advanced interest bearing and non-interest bearing loans to the company amounting in total to £825,190 (2021: £825,190). Such amounts are disclosed as part of creditors due after more than one year.

As at 30 June 2022, certain shareholders had advanced interest bearing loans to the company amounting in total to £486,363 (486,363). Such amounts are disclosed as part of creditors due after more than one year.

NOTES: MUSIC & COFFEE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

14 Parent company

The company's immediate parent is WSH Retail Limited, incorporated in England and Wales.

Until 31 October 2022, the directors did not consider there to be a single controlling party.

From 31 October 2022, following the acquisition by WSH Retail Limited, the directors regard the ultimate parent company to be CD&R and WSH JVco (UK) Limited, a company incorporated in England and Wales. The directors do not consider there to be an ultimate controlling party.

15 Prior period adjustment

The prior year adjustment reflects accrued interest on interest bearing long term shareholder loan notes. The total loan note interest accrual as at 30 June 2022 amounts to £385,342 (2021: £319,751). There is no immediate tax effect arising from the prior year adjustment as such amounts are not allowable for corporation tax until such times as they are paid.

The prior year adjustment results in a restatement of the opening profit and loss reserve as at 1 July 2020 by £254,160, from £3,082,518 to £3,336,678, and a restatement of the comparative profit and loss account and balance sheet as follows:

Changes to the balance sheet

	As previously reported £	Adjustment £	As restated at 30 Jun 2021 £
Creditors due within one year			
Other creditors	(929,240)	(319,751)	(1,248,991)
	=====	=====	=====
Capital and reserves			
Profit and loss reserves	(3,330,299)	(319,751)	(3,650,050)
	=====	=====	=====

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.