
CITY PANTRY LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2019

CITY PANTRY LTD

COMPANY INFORMATION

Directors

S Sunderland (resigned 12 October 2020)
Andrew Kenny (appointed 16 October 2020)
H A Crosby (resigned 11 July 2019)
L K Miller (resigned 11 July 2019)
E Keelan (resigned 11 July 2019)
P Harrison (appointed 11 July 2019, resigned 30 June 2020)
James Sporle (appointed 11 July 2019)
B Carter (appointed 11 March 2020, resigned 31 October 2020)

Registered number

08443757

Registered office

Fleet Place House
2 Fleet Place
London
England
EC4M 7RF

Trading Address

5th Floor
St Peters House
130 Wood Street
London
England
EC2V 6DL

Independent auditors

Donald Reid Limited
Chartered Accountants & Statutory Auditors
Prince Albert House
20 King Street
Maidenhead
Berkshire
SL6 1DT

CITY PANTRY LTD

CONTENTS

	Page
	1 - 2
Directors' report	3 - 4
Independent auditors' report	5 - 7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10 - 11
Statement of cash flows	12
Notes to the financial statements	13 - 30

**STRATEGIC REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2019**

Introduction

City Pantry Ltd ("City Pantry" or the "Company") is an online catering platform that connects work teams with high-quality independent food vendors. The platform gives office managers an easy and reliable way to organise food for lunches, meetings, and events, combining the ease and reliability of a corporate caterer with the quality and variety offered by specialist food providers, small restaurants, independent chefs and street vendors.

City Pantry was founded in 2013 when consumer behaviour surrounding office catering was rapidly changing. There was a growing understanding that employees wanted a range of choice of better quality, branded food, with employers increasingly recognising food as a key tool of employee satisfaction.

Despite the rapid rise in a range of food delivery companies, City Pantry recognised that there was a gap in the market between the current contract caterers and big food delivery B2C players. The contract caterers were lacking range, contemporary branding, and tech savvy platforms that the consumer was now demanding.

City Pantry now serves more than 180,000 people at over 1,200 corporate customers every month. Commercial agreements are in place with varying food vendors and Restaurant Partners from favourite local independents to national brands. City Pantry's customers gain valuable access to pre-scheduled, recurring, and high-volume corporate orders.

Business review

Our key performance indicators during the year were as follows:

2019 2018

(9mths) Change %

Revenue £m £3.3m £1.7m 94%

Profit for the year £m £(7.2)m £(2.2)m -227%

Customer numbers 5,003 2,146 133%

The past year has seen strong performance by City Pantry. We saw a 133% increase in customer numbers versus 2018, achieved revenue of £3.3m and are now operating in 7 UK markets. These results were achieved thanks to an enormous amount of hard work by our people, loyalty from our corporate customers and great service from our vendor partners.

City Pantry was acquired by Just Eat in July 2019 and, in Q1 2020, the merger between Takeaway.com and Just Eat was completed leading to the creation of Just Eat Takeaway.com. This was hugely important as it secures the long-term future of City Pantry, allows us to take a longer-term view and gives us a real chance of building a global brand in this space, all of which is extremely exciting.

The new combined organisation is part of the FTSE 100 and operates in 24 different countries around the world. City Pantry is now leading the organisation's B2B food delivery initiatives in the UK and, as part of the world's largest food marketplace provider outside of China, has real ambitions to become a dominant player in B2B food delivery in the UK and beyond.

The business continued to prioritise investment in research and development expenditure, resulting in making significant steps forward in delivering further product enhancements and automating human-intensive processes (e.g. automated courier booking).

STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019

Principal risks and uncertainties

Principal risks and uncertainties are discussed in detail in the Annual Report and Accounts of Just Eat Limited, the ultimate parent of the Company as at 31 December 2019, copies of which are publicly available from Companies House, United Kingdom. The principal risks and uncertainties that apply to the UK operations are: competition; changing service experience; social, regulatory and legislative change; brand; cyber security and data protection; technology resilience; growth, people and culture; and supplier resilience.

Our activities expose us to a number of financial risks including market risk, credit risk and liquidity risk. We do not use derivative financial instruments to manage these risks, as they are managed by Just Eat Takeaway.com N.V.. The Just Eat Takeaway.com Group monitors risks of the Company on a case by case basis to ensure effective action is taken to mitigate risk where necessary.

Significant economic and political events

Economic and political factors have the potential to represent both risk and opportunities. For example, Brexit may have adverse implications on immigration, access to talent and food price inflation, impacting the Company and Restaurant Partners. The opportunity of customers' "trade down" behaviours, which could adversely impact revenue and underlying profitability. When events such as the Brexit occur, we conduct analysis to understand possible impacts and to mobilise action plans as necessary. We conduct rigorous financial planning to manage and monitor cost versus revenue performance.

Refer to the Directors' Report for the COVID-19 impact disclosure.

This report was approved by the board on 24 November 2020 and signed on its behalf.

.....
James Sporle
Director

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2019**

The directors present their report and the financial statements for the period ended 31 December 2019.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The directors who served during the period were:

S Sunderland (resigned 12 October 2020)
H A Crosby (resigned 11 July 2019)
L K Miller (resigned 11 July 2019)
E Keelan (resigned 11 July 2019)
P Harrison (appointed 11 July 2019, resigned 30 June 2020)
James Sporle (appointed 11 July 2019)
B Carter (appointed 11 March 2020, resigned 31 October 2020)

CITY PANTRY LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Donald Reid Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 24 November 2020 and signed on its behalf.

.....
James Sporle
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CITY PANTRY LTD

Opinion

We have audited the financial statements of City Pantry Ltd (the 'Company') for the period ended 31 December 2019, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' 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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CITY PANTRY LTD (CONTINUED)

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 matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and the Directors' report for the financial period 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CITY PANTRY LTD (CONTINUED)

Auditors' 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 Auditors' 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 Auditors' 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 Auditors' 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.

Daniel Reid (FCA) (Senior statutory auditor)

for and on behalf of

Donald Reid Limited

Chartered Accountants

Statutory Auditors

Prince Albert House

20 King Street

Maidenhead

Berkshire

SL6 1DT

24 November 2020

CITY PANTRY LTD

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2019

		31 December 2019 £	9 months ended 31 December 2018 £
	Note		
Turnover	4	3,333,423	1,695,678
Cost of sales		(1,692,286)	(595,439)
Gross profit		1,641,137	1,100,239
Distribution costs		(115,018)	(73,118)
Administrative expenses		(6,495,171)	(3,302,531)
Exceptional administrative expenses	11	(2,047,244)	-
Operating loss	5	(7,016,296)	(2,275,410)
Interest payable and expenses	9	(117,944)	(175,247)
Loss before tax		(7,134,240)	(2,450,657)
Tax on loss	10	(38,064)	300,405
Loss for the financial period		(7,172,304)	(2,150,252)
Other comprehensive income for the period			
Share based payments		142,986	(68,333)
Other comprehensive income for the period		142,986	(68,333)
Total comprehensive income for the period		(7,029,318)	(2,218,585)

The notes on pages 13 to 30 form part of these financial statements.

CITY PANTRY LTD
REGISTERED NUMBER: 08443757

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	12	655,757	-
Tangible assets	13	9,536	11,393
		<u>665,293</u>	<u>11,393</u>
Current assets			
Stocks	14	19,196	-
Debtors: amounts falling due within one year	15	1,548,348	1,503,529
Cash at bank and in hand	16	379,206	100,174
		<u>1,946,750</u>	<u>1,603,703</u>
Creditors: amounts falling due within one year	17	(1,591,072)	(1,723,040)
Net current assets/(liabilities)		<u>355,678</u>	<u>(119,337)</u>
Total assets less current liabilities		<u>1,020,971</u>	<u>(107,944)</u>
Creditors: amounts falling due after more than one year	18	(32,032)	(1,558,953)
Net assets/(liabilities)		<u><u>988,939</u></u>	<u><u>(1,666,897)</u></u>
Capital and reserves			
Called up share capital	20	508	338
Share premium account		6,055,560	3,948,182
Equity settled share based payments		-	142,986
Capital contribution		5,736,569	-
Profit and loss account		(10,803,698)	(5,758,403)
		<u><u>988,939</u></u>	<u><u>(1,666,897)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 November 2020.

.....
James Sporle
Director

The notes on pages 13 to 30 form part of these financial statements.

CITY PANTRY LTD

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2019

	Called up share capital £	Share premium account £	Equity settled share based payments reserve £	Capital contribution reserve £	Profit and loss account £	Total equity £
At 1 January 2019	338	3,948,182	142,986	-	(5,758,403)	(1,666,897)
Comprehensive income for the period						
	-				(7,172,304)	
Loss for the period	-	-	-	-)	(7,172,304)
	-				2,127,009	
Share options exercised		-	-	-		2,127,009
Share based payment reserve released on exercising of share options	-	-	(142,986)	-	-	(142,986)
Total comprehensive income for the period	-	-	(142,986)	-	(5,045,295)	(5,188,281)
	170				-	
Shares issued during the period		2,107,378	-	-		2,107,548
	-				-	
Capital contribution		-	-	5,736,569		5,736,569
Total transactions with owners	170	2,107,378	-	5,736,569	-	7,844,117
	508				(10,803,698)	
At 31 December 2019	<u>508</u>	<u>6,055,560</u>	<u>-</u>	<u>5,736,569</u>	<u>)</u>	<u>988,939</u>

The notes on pages 13 to 30 form part of these financial statements.

CITY PANTRY LTD

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2018

	Called up share capital	Share premium account	Equity settled share based payments reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2018	338	3,952,456	74,653	(3,608,151)	419,296
Comprehensive income for the period					
Loss for the period	-	-	-	(2,150,252)	(2,150,252)
Share based payments	-	-	68,333	-	68,333
Other comprehensive income for the period	-	-	68,333	-	68,333
Total comprehensive income for the period	-	-	68,333	(2,150,252)	(2,081,919)
Shares issued during the period	-	(4,274)	-	-	(4,274)
Total transactions with owners	-	(4,274)	-	-	(4,274)
At 31 December 2018	338	3,948,182	142,986	(5,758,403)	(1,666,897)

The notes on pages 13 to 30 form part of these financial statements.

CITY PANTRY LTD

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2019

	2019 £	2018 £
Cash flows from operating activities		
Loss for the financial period	(7,172,304)	(2,150,252)
Adjustments for:		
Amortisation of intangible assets	38,566	-
Depreciation of tangible assets	5,513	6,369
Loss on disposal of tangible assets	148	-
Interest paid	117,944	175,247
Taxation charge	38,064	(300,405)
(Increase)/decrease in stocks	(19,196)	-
(Increase) in debtors	(182,949)	(469,027)
(Decrease)/increase in creditors	(99,936)	690,504
Corporation tax received	100,066	300,405
Share based payments	1,984,023	68,333
Net cash generated from operating activities	(5,190,061)	(1,678,826)
Cash flows from investing activities		
Purchase of intangible fixed assets	(694,607)	-
Purchase of tangible fixed assets	(3,519)	(5,961)
Net cash from investing activities	(698,126)	(5,961)
Cash flows from financing activities		
Issue of ordinary shares	2,107,548	(4,274)
Other new loans	-	168,270
Repayment of other loans	(1,558,954)	-
Interest paid	(117,944)	(175,247)
Capital contribution from parent	5,736,569	-
Net cash used in financing activities	6,167,219	(11,251)
Net increase/(decrease) in cash and cash equivalents	279,032	(1,696,038)
Cash and cash equivalents at beginning of period	100,174	1,796,212
Cash and cash equivalents at the end of period	379,206	100,174
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	379,206	100,174
	379,206	100,174

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

1. General information

City Pantry Ltd is a private company limited by shares. The company is registered in England and Wales. The registration number is 08443757. The registration address is Fleet Place House, 2 Fleet Place, London, England, EC4M 7RF.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

During the year, the company made a loss of £7,172,304. The company continues to be supported by its immediate parent company, Just Eat Holding Limited. Just Eat Holding Limited will continue to provide support to City Pantry Limited for at least 12 months after the balance sheet date.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.4 Revenue

General revenue recognition

Revenue is earned through the contracts held with Restaurant Partners and through the arrangements entered into with customers via the City Pantry ordering platform.

Revenue is recognised at the point in time when value and control is transferred to the customer and it is probable that the Company will collect the related consideration, being delivery of food to a customer. Revenue is measured net of VAT.

Commission

Commission revenue generated from Restaurant Partners is earned and recognised when a customer's order is fulfilled, being the point at which the Company has no remaining transactional obligations. As fulfilment of the food order remains the responsibility of, and therefore remains within the control of, the Restaurant Partner, the gross order value placed by the customers is not recognised as revenue, only the commission to which the Company is entitled.

Delivery revenue

Delivery revenue is earned when the Company arranges the food delivery, instead of the Restaurant Partner using its own delivery system.

Where the Company arranges delivery, all delivery fees are recognised as revenue at the point of order fulfilment to the customer. This is irrespective of whether the individual making the delivery is an employee of the Company, a contractor, or an employee of a third party service company, as the Company maintains primary responsibility of the Restaurant Partner, and therefore the gross order value placed by customers is not recognised as revenue, only the commission to which the Company is entitled.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.7 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the period in which they are incurred.

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of comprehensive income is charged with fair value of goods and services received.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.11 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

2.12 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.13 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Development expenditure	-	33 % straight line
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2.14 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.14 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 33.3% straight line
Office equipment	- 33.3% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.15 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.16 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.17 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.18 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.19 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.19 Financial instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However the nature of estimation means that the actual outcomes could differ from those estimates. The following judgments have had the most significant effect on amounts recognised in the financial statements:

Bad debt provision

Provisions are estimated by the company in respect of specific bad debts based upon the age of the debt and knowledge of any issues which may cast doubt on the recoverability of the debt.

Amortisation

Intangible assets amortised over their useful life economic lives. The actual lives of the intangible assets are assessed annually and may vary depending on a range of factors. These factors include product life cycles, maintenance programs of the assets, as well as technological innovation.

The applicable accounting policies detailing this area are shown in note 2.13.

Capitalisation of development costs

A degree of judgment is required when assessing the associated costs of development. Costs are capitalised if they are identifiable, the project is clearly defined and the product will enhance the earning capacity of the company.

CITY PANTRY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

4. Turnover

An analysis of turnover by class of business is as follows:

	31 December 2019 £	9 months ended 31 December 2018 £
Commission	2,718,561	1,387,151
Delivery	584,905	279,316
Other	29,957	29,211
	<u>3,333,423</u>	<u>1,695,678</u>

Analysis of turnover by country of destination:

	31 December 2019 £	9 months ended 31 December 2018 £
United Kingdom	3,333,423	1,695,678
	<u>3,333,423</u>	<u>1,695,678</u>

CITY PANTRY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

5. Operating loss

The operating loss is stated after charging:

	31 December 2019 £	9 months ended 31 December 2018 £
Exchange differences	45	545
Other operating lease rentals	<u>260,694</u>	<u>122,458</u>

6. Auditors' remuneration

	31 December 2019 £	9 months ended 31 December 2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>8,500</u>	<u>6,000</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

CITY PANTRY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

7. Employees

Staff costs, including directors' remuneration, were as follows:

	31 December 2019 £	9 months ended 31 December 2018 £
Wages and salaries	2,760,877	1,835,795
Social security costs	314,798	224,663
Cost of defined contribution scheme	40,370	19,495
	<u>3,116,045</u>	<u>2,079,953</u>

In addition to the amounts above, wages and salaries of £376,111, social security costs of £46,864 and pension contributions of £7,225 associated with development costs have been capitalised.

The average monthly number of employees, including the directors, during the period was as follows:

	31 December 2019 No.	9 months ended 31 December 2018 No.
Management	4	4
Product & Design	17	13
Vendors	9	8
Operations	2	3
Customer Experience	8	5
Account Management	9	11
Sales	6	8
Marketing	5	7
Business Intelligence	1	2
Finance	2	3
Interns	-	2

	1	1
Recruitment		
	2	-
Expansion		
	66	67

CITY PANTRY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

8. Directors' remuneration

	31 December 2019 £	9 months ended 31 December 2018 £
Directors' emoluments	180,000	170,445
Company contributions to defined contribution pension schemes	1,719	-
	<u>181,719</u>	<u>170,445</u>

9. Interest payable and similar expenses

	31 December 2019 £	9 months ended 31 December 2018 £
Other loan interest payable	117,944	175,247
	<u>117,944</u>	<u>175,247</u>

CITY PANTRY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

10. Taxation

	31 December 2019 £	9 months ended 31 December 2018 £
Corporation tax		
Current tax on profits for the year	38,064	(300,405)
	<u>38,064</u>	<u>(300,405)</u>
Total current tax	<u>38,064</u>	<u>(300,405)</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit/(loss) on ordinary activities	<u>38,064</u>	<u>(300,405)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

10. Taxation (continued)**Factors affecting tax charge for the period**

The tax assessed for the period is higher than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	31 December 2019 £	<i>9 months ended 31 December 2018 £</i>
Loss on ordinary activities before tax	<u>(7,134,240)</u>	<u>(2,450,657)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(1,355,506)	(465,625)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	397,740	1,417
Group relief surrendered for nil consideration	482,450	-
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	-	162,565
Other differences leading to an increase (decrease) in the tax charge	(59,040)	(698)
Change in unrecognised deferred tax assets	579,364	-
Effect of current tax rate on deferred tax recognised	(6,944)	1,936
Total tax charge for the period	<u>38,064</u>	<u>(300,405)</u>

Factors that may affect future tax charges

At 31 December 2019 the company had unutilised trading tax losses amounting to £5,355,114 (2018:

£5,154,777) carried forward and available for use against future trading profits.

CITY PANTRY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

11. Exceptional items

	31 December 2019 £	9 months ended 31 December 2018 £
Legal costs in relation to change in ownership	63,221	-
Share based payment	1,984,023	-
	<u>2,047,244</u>	<u>-</u>

12. Intangible assets

	Development expenditure £
Cost	
At 1 January 2019	29,080
Additions - internal	694,323
	<u>723,403</u>
At 31 December 2019	<u></u>
Amortisation	
At 1 January 2019	29,080
Charge for the year	38,566
	<u>67,646</u>
At 31 December 2019	<u></u>
Net book value	
At 31 December 2019	<u>655,757</u>
<i>At 31 December 2018</i>	<u>-</u>

CITY PANTRY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

13. Tangible fixed assets

	Office equipment £
Cost or valuation	
At 1 January 2019	24,650
Additions	3,519
Disposals	(650)
At 31 December 2019	27,519
Depreciation	
At 1 January 2019	13,257
Charge for the period on owned assets	5,228
Disposals	(502)
At 31 December 2019	17,983
Net book value	
At 31 December 2019	9,536
At 31 December 2018	11,393

14. Stocks

	2019 £	2018 £
Raw materials and consumables	19,196	-
	19,196	-

CITY PANTRY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

15. Debtors

	2019 £	2018 £
Trade debtors	568,438	1,129,992
Other debtors	925,365	364,527
Prepayments and accrued income	54,545	9,010
	<u>1,548,348</u>	<u>1,503,529</u>

16. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	379,206	100,174
	<u>379,206</u>	<u>100,174</u>

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	986,007	802,748
Other taxation and social security	131,153	264,491
Other creditors	134,687	604,301
Accruals and deferred income	339,225	51,500
	<u>1,591,072</u>	<u>1,723,040</u>

18. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Other loans	-	1,558,953
Other creditors	32,032	-
	<u>32,032</u>	<u>1,558,953</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

19. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due 2-5 years		
Other loans	-	1,558,954
	-	1,558,954
	-	1,558,954

20. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
3,567,209 (2018 - 3,085,185) Ordinary shares of £0.0001 each	356.7209	308.5185
314,457 (2018 - 294,984) Ordinary A shares of £0.0001 each	31.4457	29.4984
1,200,000 (2018 -) Preferred Ordinary shares of £0.0001 each	120.0000	-
	508.1666	338.0169

During the period, 482,023 Ordinary shares of £0.0001 each were issued for a total consideration of £859,311. During the period, 19,473 Ordinary A shares of £0.0001 each were issued for a total consideration of £48,190. During the period, 1,200,000 preference shares of £0.0001 each were issued for a total consideration of £1,200,000.

21. Share based payments

On acquisition of City Pantry by Just Eat Holding Limited on 11 July 2019, all of the share options granted to option holders vested and were exercised.

22. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £40,370 (2018 - £19,495). Contributions totalling £25,056 (2018 - £5,569) were payable to the fund at the balance sheet date and are included in creditors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

23. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	52,063	24,763
Later than 1 year and not later than 5 years	-	11,157
	<u>52,063</u>	<u>35,920</u>

24. Transactions with directors

During the period, advances were made to a director, totalling £Nil (2018: £163). There were repayments totalling £ 163 (2018: £Nil) made during the period.

25. Related party transactions

At the period end, included in other creditors, is the amount of £Nil (2018: £833) owed by the company by a close relative of the director.

26. Post balance sheet events

On 27 June 2020, 1,200,000 preferred ordinary shares of £0.0001 and 314,457 A ordinary shares of £0.0001 were redesignated as ordinary shares. No consideration was paid. All ordinary shares have pari passu voting, income and capital rights.

27. Controlling party

Just Eat Holding Limited acquired 100% of the shareholding of the Company on 11 July 2019. Just Eat Holding Limited is therefore the immediate parent company.

The ultimate controlling party from 11 July 2019 until 31 January 2020 was Just Eat Limited, a company incorporated in England and Wales. The registered address of Just Eat Limited is Fleet Place House, 2 Fleet Place, London, EC4M 7RF. Just Eat Limited did not have a majority shareholder up to 31 January 2020 as it was a publicly traded company named Just Eat plc.

Just Eat Limited was the largest and smallest group of which the Company was a member up to 31 January 2020 and for which group accounts are compiled. Copies of the financial statements for Just Eat Limited are publicly available from Companies House, United Kingdom.

Following the acquisition of Just Eat Limited on 31 January 2020 and subsequent approval by the UK Competition and Markets Authority on 15 April 2020, the ultimate parent company is Just Eat Takeaway.com N.V, a company incorporated in the Netherlands. The registered address of Just Eat Takeaway.com N.V. is Oosterdoksstraat 80, 1011 DK, Amsterdam, the Netherlands. Just Eat Takeaway.com N.V. does not have a majority shareholder.

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