

YUMCHAA HOLDINGS LIMITED

**DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL
STATEMENTS**

FOR THE PERIOD ENDED 30 SEPTEMBER 2015

Jeffreys Henry LLP
Finsgate
5-7 Cranwood Street
London
EC1V 9EE

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COMPANIES HOUSE

YUMCHAA HOLDINGS LIMITED

COMPANY INFORMATION

Directors

Brian Stockbridge
Daniel Confino
Richard Glover
Michael Harrigan

Company number

09121645

Registered office

Finsgate,
5-7 Cranwood Street
London
EC1V 9EE

Auditors

Jeffreys Henry LLP
Finsgate,
5-7 Cranwood Street
London
EC1V 9EE

Corporate Adviser and Broker

Alfred Henry Corporate Finance Limited
Finsgate,
5-7 Cranwood Street
London
EC1V 9EE

Solicitors

DAC Beachcroft LLP
100 Fetter Lane
London
EC4A 1BN

YUMCHAA HOLDINGS LIMITED

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YUMCHAA HOLDINGS LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2015

The directors present their Strategic Report of the Company and the Group for the period ended 30 September 2015

Review of the business

Yumchaa Holdings Limited ("Yumchaa") was incorporated on 8 July 2014 in England and Wales as a limited company under the Companies Act 2016. The Group is seeking a listing on a Stock Exchange market.

The Group operates a chain of tea cafés focused on selling tea to consumers in a café-shop style environment. The Company also sells its tea online. Yumchaa currently operates tea café's at locations in Kings Cross, Soho, Camden Lock, Camden Parkway and at Tottenham Street.

The trading results for the period ended 30 September 2015, and the Group's financial position at the end of the period are shown in the audited financial statements. The profit and loss account for the period shows a loss before tax of £479,836. Sales revenues are £1,420,675 in the period with a Gross profit for the period of 39%.

Principal risk and uncertainties

The directors continue to assess the risks facing the Company and the Group and they believe these are as follows:

Principal risk and uncertainty

Competitive supply - increased competitive supply reduces returns

Funding – Without potential funding there is an uncertainty whether the Group will be able to carry out its business plan.

Food safety, hygiene and health and safety – The preparation or storage of food and/or supply chain failure could result in food poisoning and reputational damage as would any Company negligence in relation to health and safety.

Mitigation

The key competitors of Yumchaa are the global coffee houses and the smaller niche teahouses that have become popular over recent years. The Directors believe that Yumchaa has a number of strategic advantages over the niche teahouses.

The Company is in the process of raising £2 million by issuing debentures listed on a Stock Exchange.

The health and wellbeing of our customers is paramount to our business. We have had successful visits from the EHO recently, confirming that our procedures are satisfactory and we ensure our staff are well-trained.

The directors also constantly monitor other financial risks and uncertainties facing the Group with particular reference to the exposure liquidity risk. They are confident that suitable policies are in place and that all material financial risks have been considered. The major balances and financial risks to which the Group is exposed to and the controls in place to minimise those risks are disclosed in Note 4. A description of how the Group manages its capital is also disclosed in Note 4.

Key performance indicators

The directors currently consider the following as key performance indicators:

	2015	2014	% Change
Revenue	£1,420,675	£62,555	2,171%
Gross profit	£548,333	£37,198	1,374%
Gross profit margin	39%	59%	-20%
Cash and cash equivalents	£88,205	£83,110	6%

YUMCHAA HOLDINGS LIMITED

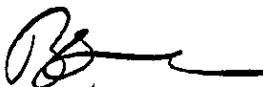
STRATEGIC REPORT (CONTINUED) **FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

Future developments

The Company intends to list on a Stock Exchange and is in the process of raising £2 million by issuing debentures that are also to be listed on a Stock Exchange

Once additional funding is in place the directors intend to roll out more tea cafés across London and to invest in the expansion of online tea sales. We are also of the opinion that the growing popularity of tea as an alternative to coffee and the expanding café market will provide a successful grounding to roll out more shops and to invest in the online marketing and selling of tea. The online portion of the business will become a stronger focus, as the Company seeks to supplement the costs of brick-and-mortar shops with the online sales of Yumchaa Tea

On behalf of the board



B Stockbridge
Director
17 December 2015

YUMCHAA HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2015

The directors present their report and the audited financial statements for the period ended 30 September 2015

Principal activity

Yumchaa Holdings Limited is a holding Company. The principal activity of the Group is the operation of tea cafes.

Results and dividends

The results for the year are set out on page 7. There were no dividends proposed or paid in the year.

Directors

The following directors have held office during the period and up to the date of this report were as follows:

Brian Stockbridge	
Daniel Confino	(Appointed 1 December 2014)
Richard Glover	(Appointed 8 December 2015)
Michael Harrigan	(Appointed 8 December 2015)
Sean Attwood	(Appointed 1 December 2014 and Resigned 8 December 2015)
Trinh Attwood	(Appointed 1 December 2014 and Resigned 8 December 2015)
Fariba Faraji	(Appointed 3 December 2014 and Resigned 8 December 2015)
Gerald Defries	(Resigned 9 June 2015)
Frederick French	(Resigned on 29 May 2015)

Financial instruments

The Group has not entered into any financial instruments to hedge against interest rate or exchange rate risk.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Parent financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 IFRS as adopted by the European Union
- 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 Group. They are also responsible for safeguarding the assets of the Company and the Group hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

YUMCHAA HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2015

Statement of disclosure to auditors

Each person who is a Director at the date of approval of this Annual Report confirms that

- So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- each Director has taken all the steps that he ought to have taken as Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

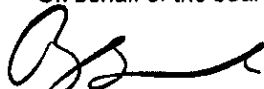
Auditors

Jeffreys Henry LLP were appointed auditors to the Group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting

Strategic report

In accordance with section 414C(11) of the Companies Act 2006 the Group chooses to report the review of the business, the future outlook and the risks and uncertainties faced by the Group in the Strategic Report on page 1.

On behalf of the board



B Stockbridge

Director

17 December 2015

YUMCHAA HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YUMCHAA HOLDINGS LIMITED

We have audited the financial statements of Yumchaa Holdings Limited for the period ended 30 September 2015, which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, Company statement of financial position, consolidated statement of cash flows, Company statement of cash flows, consolidated statement of equity, Company statement of equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and Directors report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the Group financial statements

- give a true and fair view of the state of the Group's and Parent Company's affairs as at 30 September 2015 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 IFRSs as adopted by the European Union and as applied in accordance with provision of the Companies Act 2006,
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

YUMCHAA HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF YUMCHAA HOLDINGS LIMITED

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 2.1 to the financial statements concerning the Company and Group's ability to continue as a going concern. The Group made a loss of £479,836, had net current liabilities of £433,821 and net liabilities of £310,654 as at 30 September 2015 and the Group is in the process of raising debt finance. These conditions, along with other matters explained in note 2.1 to the financial statements, indicate the existence of a material uncertainty, which may cast significant doubt about the Company's and Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and Strategic Report for the financial period for which the Group financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.



Sanjay Parmar
Senior Statutory Auditor

For and on behalf of
Jeffreys Henry LLP (Statutory Auditors)
Finsgate 5-7 Cranwood Street
London
EC1V 9EE

Date 17 December 2015

YUMCHAA HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2015

	Note	Period ended 30 September 2015 £	Period ended 31 October 2014 £
Continuing operations			
Revenue	5	1,420,675	62,555
Cost of sales		(872,342)	(25,357)
Gross profit		<u>548,333</u>	<u>37,198</u>
Administrative expenses	6	(1,021,377)	(38,233)
Operating loss		<u>(473,044)</u>	<u>(1,035)</u>
Finance costs		(6,792)	-
Loss on ordinary activities before taxation		<u>(479,836)</u>	<u>(1,035)</u>
Taxation	8	-	-
Loss for the period attributable to the owners of the Parent		<u>(479,836)</u>	<u>(1,035)</u>
Loss per share (£)	10	28 26	0 38

The notes on pages 14 to 32 form part of these financial statements

YUMCHAA HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015

		Period ended 30 September 2015 £	Period ended 31 October 2014 £
	Notes		
Assets			
Non-current assets			
Intangible assets	11	1	1
Property, Plant & Equipment	12	123,303	49,357
		<u>123,304</u>	<u>49,358</u>
Current assets			
Trade and other receivables	14	187,387	91,602
Cash and cash equivalents	15	88,205	83,110
		<u>275,592</u>	<u>174,712</u>
Total assets		<u>398,896</u>	<u>224,070</u>
Equity and liabilities			
Equity attributable to owners of the Parent			
Ordinary shares	16	1,060	1,007
Share premium	17	149,397	99,450
Merger relief reserve	17	46,800	46,800
Reorganisation reserve	17	(27,040)	(27,040)
Accumulated losses	17	(480,871)	(1,035)
Total equity		<u>(310,654)</u>	<u>119,182</u>
Liabilities			
Current liabilities			
Trade and other payables	18	402,772	101,880
Borrowings	19	306,641	1,641
Total liabilities		<u>709,413</u>	<u>103,521</u>
Non-current liabilities			
Borrowings	19	137	1,367
Total liabilities		<u>709,550</u>	<u>104,888</u>
Total equity and liabilities		<u>398,896</u>	<u>224,070</u>

The notes on pages 14 to 32 form part of these financial statements

Approved by the Board and authorised for issue on 17 December 2015.



B Stockbridge
Director

Company Registration No 09121465

YUMCHAA HOLDINGS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015

		Period ended 30 September 2015	Period ended 31 October 2014
	Notes	£	£
Assets			
Non-current assets			
Intangibles	11	1	1
Investments	13	47,140	47,140
Property, Plant & Equipment	12	12,168	14,899
		<u>59,309</u>	<u>62,040</u>
Current assets			
Trade and other receivables	14	442,720	73,297
Cash and cash equivalents	15	36,242	56,834
		<u>478,962</u>	<u>130,131</u>
Total assets		<u>538,271</u>	<u>192,171</u>
Equity and liabilities			
Equity attributable to owners of the Parent			
Ordinary shares	16	1,060	1,007
Share premium	17	149,397	99,450
Merger relief reserve	17	46,800	46,800
Accumulated losses	17	422	(5,086)
Total equity		<u>197,679</u>	<u>142,171</u>
Liabilities			
Current liabilities			
Trade and other payables	18	35,592	50,000
Borrowings	19	305,000	-
Total liabilities		<u>340,592</u>	<u>50,000</u>
Total equity and liabilities		<u>538,271</u>	<u>192,171</u>

The notes on pages 14 to 32 form part of these financial statements

Approved by the Board and authorised for issue on 17 December 2015.



B Stockbridge
Director

Company Registration No. 09121465

YUMCHAA HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2015

		Period ended 30 September 2015 £	Period ended 31 October 2014 £
	Notes		
Cash flows from operating activities	20	(241,813)	30,517
Interest paid		(6,792)	-
Net cash generated from operating activities		<u>(248,605)</u>	<u>30,517</u>
Cash flows from investing activities			
Purchases of intangible assets	11	-	(1)
Purchase of tangible assets		(100,070)	(46,932)
Net cash flows from investing activities		<u>(100,070)</u>	<u>(46,933)</u>
Cash flows from financing activities			
Issue of ordinary share capital		50,000	100,217
Loan notes issued		305,000	-
Repayment of finance leases		(1,230)	(691)
Net cash flows from financing activities		<u>353,770</u>	<u>99,526</u>
Net increase in cash and cash equivalents		<u>5,095</u>	<u>83,110</u>
Cash and cash equivalents at the brought forward		83,110	-
Cash and cash equivalents carried forward		<u>88,205</u>	<u>83,110</u>

In 2014 the Group issued ordinary share capital to acquire its subsidiaries. Refer to Note 13 for details.

The notes on pages 14 to 32 form part of these financial statements.

YUMCHAA HOLDINGS LIMITED

COMPANY STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2015

		Period ended 30 September 2015 £	Period ended 31 October 2014 £
	Notes		
Net cash generated from operating activities	20	(375,592)	(28,383)
Cash flows from Investing activities			
Purchases of intangible assets	11	-	(1)
Purchases of tangible assets	12	-	(14,899)
Acquisition of subsidiaries		-	(100)
Net cash flows from investing activities			(15,000)
Cash flows from financing activities			
Issue of ordinary share capital		50,000	100,217
Loan notes issued		305,000	-
Net cash flows from financing activities		355,000	100,217
Net increase in cash and cash equivalents		(20,592)	56,834
Cash and cash equivalents at the brought forward		56,834	-
Cash and cash equivalents carried forward		36,242	56,834

In 2014 the Company issued ordinary share capital to acquire its subsidiaries. Refer to Note 13 for details.

The notes on pages 14 to 32 form part of these financial statements.

YUMCHAA HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2015

	Notes	Share capital	Share premium	Merger relief reserve	Reorganisation reserve	Accumulated deficit	Total equity
		£	£	£	£	£	£
As at 8 July 2014		-	-	-	-	-	-
Shares issued during the period	16	1,007	99,450	46,800	-	-	147,257
Group reorganisation	17	-	-	-	(27,040)	-	(27,040)
Loss for the period		-	-	-	-	(1,035)	(1,035)
As at 31 October 2014		1,007	99,450	46,800	(27,040)	(1,035)	119,182
Shares issued during the period		53	49,947	-	-	-	50,000
Loss for the period		-	-	-	-	(479,836)	(479,836)
As at 30 September 2015		1,060	149,397	46,800	(27,040)	(480,871)	(310,654)

Share capital is the amount subscribed for shares at nominal value

Share premium is the amount subscribed for share capital in excess of nominal value
Accumulated deficit represent the cumulative loss of the Group attributable to equity shareholders

Merger relief reserve arises from the 100% acquisition of Yumchaa Group Limited on 29 October 2014 whereby the excess of the fair value of the issued ordinary share capital issued over the nominal value of these shares is transferred to this reserve in accordance with section 612 of the Companies Act 2006

The reorganisation reserve arise as a result of the reorganisation accounting adopted as per accounting policy 2.9

The notes on pages 14 to 32 form part of these financial statements

YUMCHAA HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2015

	Notes	Share capital	Share premium	Merger relief reserve	Accumulated deficit	Total equity
		£	£	£	£	£
As at 8 July 2014		-	-	-	-	-
Shares issued during the period	16	1,007	99,450	46,800	-	147,257
Loss for the period		-	-	-	(5,086)	(5,086)
As at 31 October 2014		1,007	99,450	46,800	(5,086)	142,171
Shares issued during the period		53	49,947	-	-	50,000
Loss for the period		-	-	-	5,508	5,508
As at 30 September 2015		1,060	149,397	46,800	422	197,679

Share capital is the amount subscribed for shares at nominal value

Share premium is the amount subscribed for share capital in excess of nominal value
Accumulated deficit represent the cumulative loss of the Company attributable to equity shareholders

Merger relief reserve arises from the 100% acquisition of Yumchaa Group Limited on 29 October 2014 whereby the excess of the fair value of the issued ordinary share capital issued over the nominal value of these shares is transferred to this reserve in accordance with section 612 of the Companies Act 2006

The notes on pages 14 to 32 form part of these financial statements

YUMCHAA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2015

1 General Information

Yumchaa Holdings Limited ('the Company') and its subsidiaries (together, 'the Group') aim to generate its income through teashop cafes in London, providing speciality teas in a relaxed, coffee-shop-style environment in locations across the city. The Company is incorporated and domiciled in England and Wales. Details of the registered office, the officers and advisers to the Company are presented on the Company information page.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated statement of Yumchaa Holdings Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention.

Preparation of financial statements

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

Standards and interpretations effective in the current period

There are no IFRS or IFRIC interpretations that are effective for the first time in this financial period that would be expected to have a material impact on the Company and the Group.

New standards and interpretations

As of the date of approval of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective.

YUMCHAA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2015

New standards and interpretations (Continued)

Reference	Title	Summary	Application date of standard (Periods commencing on or after)
IFRS 14	Regulatory deferral accounts	Aims to enhance the comparability of financial reporting by entities subject to rate-regulations	1 January 2016
IFRS 15	Revenue from contracts with customers	Specifies how and when to recognise revenue from contracts as well as requiring more information and relevant disclosures	1 January 2017
Amendments to IFRS 11	Joint arrangements	On acquisitions of interest in joint operations	1 January 2016
Amendments to IAS 16 and IAS 41	IAS 16 Property plant and equipment and IAS 41 Agriculture	On Bearer plants	1 January 2016
Amendments to IAS 16 and IAS 38	Intangible Assets	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to IAS 27	Separate financial statements	Equity method in separate financial statements	1 January 2016
Amendments to IFRS 10 and IAS 28	IFRS 10 Consolidated financial and IAS 28 Investments in Associates	Investment entities Applying the consolidation exception	1 January 2016
Amendments to IFRS 10 and IAS 28	IFRS 10 Consolidated financial and IAS 28 Investments in Associates	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
Amendments to IAS 1	Presentation of Financial statements	Disclosure initiative	1 January 2016
Improvements to IFRS 5	Non current assets held for sale and discontinued operations	Methods of disposal	1 January 2016
Improvements to IFRS 7	Financial instruments	Disclosures on servicing contracts and interim financial statements	1 January 2016
Improvements to IAS 19	Employee benefits	Determining the discount rates for post-employment obligations	1 January 2016
Improvements to IAS 34	Interim financial reporting	Information disclosed elsewhere in the interim financial report	1 January 2016
IFRS 9	Financial instruments	Requirements on the classification and measurement of financial assets and liabilities and includes an expected credit losses model which replaces the current incurred loss impairment model Also includes the hedging amendment that was issued in 2013	1 January 2018

The Directors anticipate that the adoption of these standards and the interpretation of these periods will have no material impact on the financial statements of the Group

YUMCHAA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2015

2.1 Basis of preparation (continued) Going concern

The financial statements have been prepared on the assumption that the Group is a going concern. When assessing the foreseeable future, the directors have looked at the budget for the next 12 months from the date of this report, the cash at bank available as at the date of approval of this report and are satisfied that the Group should be able to cover its activities and meet its short-term liabilities as the Group is in the process of listing its shares on a Stock Exchange. The Group has also secured long-term funding by way of a potential issuance of £2million debentures on a Stock Exchange, the release of such funding is conditional on admission to the market.

The financial statements do not include any adjustments that would result if the necessary long-term financing was not secured by the Group.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the annual report and financial statements.

2.2 Consolidation

(a) Subsidiaries

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

YUMCHAA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2015

2.2 Consolidation (continued)

(b) Changes in ownership interest in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

2.4 Financial assets and liabilities

The Group classifies its financial assets at fair value through profit and loss or as loans and receivables and classifies its financial liabilities as other financial liabilities. Management determines the classification of its investments at initial recognition. A financial asset or financial liability is measured initially at fair value. At inception transaction costs that are directly attributable to its acquisition or issue, for an item not at fair value through profit or loss, is added to the fair value of the financial asset and deducted from the fair value of the financial liability.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans are recognised when the funds are advanced to customers. Loans and receivables are carried at amortised cost using the effective interest method (see below).

(b) Other financial liabilities

Other financial liabilities are non-derivative financial liabilities with fixed or determinable payments. Other financial liabilities are recognised when cash is received from the depositors. Other financial liabilities are carried at amortised cost using the effective interest method. The fair value of other liabilities repayable on demand is assumed to be the amount payable on demand at the Statement of Financial Position date.

YUMCHAA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2015

2.9 Group reorganisation accounting

The Company acquired its 100% interest in Yumchaa Group Limited in October 2014 by way of a share for share exchange. This is a business combination involving entities under common control and the consolidated financial statements are issued in the name of Yumchaa Holdings Limited but they are a continuance of those of Yumchaa Group Limited. Therefore the assets and liabilities of Yumchaa Group Limited have been recognised and measured in these consolidated financial statements at their pre combination carrying values. The retained earnings and other equity balances recognised in these financial statements are the retained earnings and other equity balances of the Company and Yumchaa Group Limited. The equity structure appearing in these financial statements (the number and the type of equity instruments issued) reflect the equity structure of the Company including equity instruments issued by the Company to effect the consolidation. The difference between consideration given and net assets of Yumchaa Group Limited at the date of acquisition is included in a Group reorganisation reserve.

2.10 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one period or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.11 Income tax expense

Current income tax which is payable on taxable profits is recognised as an expense in the period in which the profits arise.

2.12 Deferred tax

Deferred tax assets and liabilities are recognised when the carrying amount of an asset or liability in the consolidated statement of the financial position differs from its tax base, except for the differences arising on:

- initial recognition of goodwill,
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the near future.

The amount of the asset or liability is determined using rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the deferred tax liabilities / (assets) are settled / (recovered).

2.13 Investments in subsidiaries

Investments are held as non-current assets at cost less any provision for impairment. Where the recoverable amount of the investment is less than the carrying amount, impairment is recognised.

YUMCHAA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2015

2.4 Financial assets and liabilities (continued)

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all of the risks and rewards of ownership. In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. There have not been any instances where assets have only been partly derecognised. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and maturity amount, minus any reduction for impairment.

Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The fair value of assets and liabilities in active markets are based on current bid and offer prices respectively. If the market is not active the Group establishes fair value by using appropriate valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same for which market observable prices exist, net present value and discounted cash flow analysis.

2.5 Revenue

Revenue comprises of amounts receivable from sales of teas through retail branches, pop-up stores and online, net of VAT and trade discounts.

2.6 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks.

2.7 Share capital

Ordinary shares are classified as equity.

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

2.8 Merger relief reserve

The merger relief reserve arises from the 100% acquisition of Yumchaa Group Limited whereby the excess of the fair value of the issued ordinary share capital issued over the nominal value of these shares is transferred to this reserve in accordance with section 612 of the Companies Act 2006.

YUMCHAA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2015

2.14 Leases

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Leases of property, plant and equipment where substantially all the risks and rewards of ownership have been transferred to the Group are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

2.15 Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at the cost and subsequently amortised over their useful economic lives.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give use to other contractual or legal rights. The amounts ascribed to such intangibles are arrived at using appropriate valuation techniques.

2.16 Property, plant and equipment

Property, plant and equipment are stated at historical cost less subsequent accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to write off their cost over their estimated useful lives at the following annual rates:

Plant and Machinery	20% straight line
Fixtures, fittings & equipment	20% straight line
Leasehold improvement	Over the life of the lease

Useful lives and depreciation method are reviewed and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss in the year in which the asset is derecognised.

YUMCHAA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2015

3 Critical accounting estimates and judgments

The preparation of the financial statements requires management to make estimates and assumptions concerning the future that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods

At this current stage management believe the following accounting estimates may differ from the related actual results

Plant and Machinery	20% straight line
Fixtures, fittings & equipment	20% straight line
Leasehold improvements	Over the life of the lease

Total depreciation in the financial statements for the period ended 30 September 2015 was £26,124 (2014 - £1,274) using the policies adopted. Judgement used in applying these policies is that tangible assets are likely to have a useful life of five year. The useful life will be reviewed annually

4 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance

4.1 Financial risk factors

The Group's activities may expose it to a variety of financial risks: foreign exchange risk, and credit risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance

a) Interest rate risk

The Group is not exposed to significant interest rate risk as it did not have any significant interest bearing liabilities during the period

b) Liquidity risk

Liquidity risk is the risk that Group will encounter difficulty in meeting these obligations associated with financial liabilities

The responsibility for liquidity risk management rests with the Board of Directors, which has established appropriate liquidity risk management framework for the management of the Group's short-term and long-term funding risks management requirements

During the period under review, the Group has not utilised any borrowing facilities

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

c) Capital risk

The Group takes great care to protect its capital investments. Significant due diligence is undertaken prior to making any investment. The investment is closely monitored

YUMCHAA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2015

4.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure appropriate for its growth plans

In order to maintain or adjust the capital structure the Group may issue new shares or alter debt levels

5 Segment information

The Group's single line of business is the sale of teas

All of the Group's revenue arises in the UK and all of the Group's non-current assets are held there

There are no customers who account for more than 10% of revenue

6 Operating loss. Other income and expenses by nature

	2015 £	2014 £
Operating loss is stated after charging.		
Employment and related costs	258,099	2,500
Rent under operating leases	333,939	19,305
Rates	105,655	2,430
Travel	7,667	-
Legal and professional	77,911	500
Audit fees	5,000	5,000
Depreciation	23,882	1,274
Other expenses	209,224	7,224
Total administrative expenses	<u>1,021,377</u>	<u>38,233</u>

Included within cost of sales was additional depreciation of £2,242 (2014 - £nil) relating to the depreciation on leasehold improvements of café shops

7 Employee benefit expense

	2015 £	2014 £
Employees and Directors		
Wages and salaries	540,770	16,342
Directors' remuneration	129,933	5,200
Directors' fees	80,500	2,500
Social security costs	41,599	1,684
	<u>792,802</u>	<u>25,726</u>

Of the above employment costs the following amounts were allocated to cost of sales

Wages and salaries	508,136	16,342
Directors' remuneration	-	5,200
Social security costs	26,567	1,684
Total included in cost of sales	<u>534,703</u>	<u>23,226</u>
Total included in administrative expense (note 6)	<u>258,099</u>	<u>2,500</u>
Total employment costs	<u>792,802</u>	<u>25,726</u>

YUMCHAA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2015

7 Employee benefit expense (Continued)

The average monthly number of employees (including directors) during the period was

	2015 number	2014 Number
Directors	6	3
Head office	7	1
Operations	33	7
	<u>46</u>	<u>11</u>

8 Taxation

	2015 £'000	2014 £'000
Current tax expense	-	-
Deferred tax credit on amortisation of intangible	-	-
	<u>-</u>	<u>-</u>
Factors affecting the tax charge for the period		
Loss on ordinary activities before taxation	<u>(479,836)</u>	<u>(1,035)</u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20%	(95,967)	(207)
Effects of		
Capital allowances in excess of depreciation	(15,238)	(9,871)
Amortisation		
Non-deductible expenses		100
Tax losses carried forward	111,205	9,978
Current tax charge for the period	<u>-</u>	<u>-</u>

The Group has estimated tax losses of £556,025 (2014 - £48,890) available for carry forward against future trading profits

The tax losses have resulted in a deferred tax asset at future tax rate of 20% (2014 - 20%) of approximately £111,205 (2014 - £9,978) which has not been recognised as it is uncertain whether future taxable profits will be sufficient to utilise the losses

9 Profit and Loss of Parent Company

As permitted by Section 408 of the Companies Act 2006 the profit and loss account of the Parent Company is not presented as part of these financial statements. The Parent Company's profit for the financial period was £5,508 (2014 - loss of £5,086)

YUMCHAA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2015

10 Earnings per share

	2015	2014
Basic loss per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of ordinary shares in issue during the period		
Loss after tax attributable to equity holders of the Group	£479,836	£1,035
Weighted average number of ordinary shares	16,978	2,699
Basic and diluted loss per share	<u>£28.26</u>	<u>£0.38</u>

Diluted loss per share

Diluted earnings per share dilute is calculated by adjusting the weighted average number of ordinary share outstanding to assume conversion of all dilutive potential ordinary shares. Since the Group is loss making the diluted loss per share is the same as the basic loss per share as these would have an anti-dilutive effect.

The dilutive potential ordinary shares are as disclosed in note 19.

11 Intangible assets

Group and Company

	Goodwill £
Cost	
At 31 October 2014 and 30 September 2015	<u>1</u>
Amortisation	
At 31 October 2014 and 30 September 2015	<u>-</u>
Carrying amount	
At 31 October 2014 and 30 September 2015	<u>1</u>

Goodwill and Intellectual property rights have arisen on the purchase of trade and assets from Sinensis Tea Space Limited. £1 represents the consideration paid less the market value of the assets acquired.

YUMCHAA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2015

12 Property, plant and equipment

Group	Leasehold improvements £	Plant & Machinery £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 November 2014	-	22,637	27,994	50,631
Additions	12,231	10,448	77,391	100,070
At 30 September 2015	12,231	33,085	105,385	150,701
Accumulated depreciation				
At 1 November 2014	-	807	467	1,274
Charge for the year	2,242	5,522	18,360	26,124
At 30 September 2015	2,242	6,329	18,827	27,398
Carrying amount				
At 30 September 2015	9,989	26,756	86,558	123,303
At 31 October 2014	-	21,830	27,527	49,357

Group	Plant & Machinery £	Fixtures, fittings & equipment £	Total £
Cost			
At 8 July 2014	-	-	-
Additions	22,637	27,994	50,631
At 31 October 2014	22,637	27,994	50,631
Accumulated depreciation			
At 8 July 2014	-	-	-
Charge for the year	807	467	1,274
At 31 October 2014	807	467	1,274
Carrying amount			
At 31 October 2014	21,830	27,527	49,357

Included within the above are assets held under finance leases or hire purchase contracts as follows

Group	Leasehold improvements £	Plant & Machinery £	Fixtures, fittings & equipment £	Total £
Net book values				
At 30 September 2015	-	2,219	-	2,219
At 31 October 2014	-	3,699	-	3,699
Depreciation charged for the period to				
30 September 2015	-	740	-	740
31 October 2014	-	740	-	740

YUMCHAA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2015

12 Property, plant and equipment (Continued)

Company	Plant & Machinery £
Cost	
At 8 July 2014	-
Additions	14,899
At 31 October 2014 and 30 September 2015	<u>14,899</u>
Accumulated depreciation	
At 8 July 2014 and 31 October 2014	-
Charge for the year	2,731
	<u>2,731</u>
Carrying amount	
	<u>12,168</u>
At 31 October 2014	<u>14,899</u>

13 Investments in subsidiary undertakings

Company	Shares in Group undertakings £
Cost	
At 8 July 2014	-
Additions	47,140
At 31 October 2014 and 30 September 2015	<u>47,140</u>

The Company held the following subsidiaries as at 30 September 2015

Name	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares held (%)
Yumchaa Group Limited	UK	Holding Company	100
Yumchaa Retail Limited	UK	Tea café	100
Yumchaa SOHO Limited	UK	Group property rental	100

On 29 October 2014, the Company acquired the entire share capital of Yumchaa Group Limited and its subsidiary by share for share exchange. The fair value of equity consideration was £47,040. As per accounting policy 2.9 this has been accounted for under Group reorganisation accounting.

YUMCHAA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2015

14 Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade receivables	-	1,486	-	-
Other receivables	79,312	54,616	25,873	20,047
Amount dues to directors	10,671	-	-	-
Prepayments	97,404	35,500	-	12,167
Amounts due from Group undertakings	-	-	416,847	41,083
	<u>187,387</u>	<u>91,602</u>	<u>442,720</u>	<u>73,297</u>

The carrying amount of trade and other receivables approximates to their fair value

15 Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at banks and on hand and deposits with banks. Cash and cash equivalents at the end of the reporting period as shown in the Statement of Cash Flows can be reconciled to the related items in the Statement of Financial Position as follows

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Cash and cash equivalents	<u>88,205</u>	<u>83,110</u>	<u>36,242</u>	<u>56,834</u>

The carrying amount of cash and cash equivalents approximates to its fair value

16 Share capital

	2015	2014
	£	£
Allotted, called up and fully paid		
105,963 (2014 - 100,700) Ordinary shares of £0.01 each	<u>1,060</u>	<u>1,007</u>

During the period the Group had the following share transactions

On 8 July 2014 the Company issued 100 ordinary shares at £0.01 on incorporation

On 29 October 2014 the Company issued 25,600 ordinary shares at the nominal value of £0.01

On 29 October 2014 the Company issued a further 51,000 ordinary shares at £1.96 per share

On 29 October 2014 the Company issued a further 24,000 ordinary shares as consideration for the acquisition of Yumchaa Group Limited at a fair value of £1.96 per share

On 12 December 2014 the Company issued 5,263 ordinary share at £9.50 per share

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) right, they do not confer any rights of redemption

YUMCHAA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2015

17 Reserves

Group

	Share capital £	Share premium £	Merger relief reserve £	Reorganisation reserve £	Accumulated deficit £	Total equity £
As at 8 July 2014	-	-	-	-	-	-
Shares issued during the period	1,007	99,450	46,800	-	-	147,257
Group reorganisation	-	-	-	(27,040)	-	(27,040)
Loss for the period	-	-	-	-	(1,035)	(1,035)
As at 31 October 2014	1,007	99,450	46,800	(27,040)	(1,035)	119,182
Shares issued during the period	53	49,947	-	-	-	50,000
Loss for the period	-	-	-	-	(479,836)	(479,836)
As at 30 September 2015	1,060	149,397	46,800	(27,040)	(480,871)	(310,654)

Company

	Share capital £	Share premium £	Merger relief reserve £	Accumulated Deficit/ Retained Earnings £	Total equity £
As at 8 July 2014	-	-	-	-	-
Shares issued during the period	1,007	99,450	46,800	-	147,257
Loss for the period	-	-	-	(5,086)	(5,086)
As at 31 October 2014	1,007	99,450	46,800	(5,086)	142,171
Shares issued during the period	53	49,947	-	-	50,000
Profit for the period	-	-	-	5,508	5,508
As at 30 September 2015	1,060	149,397	46,800	422	197,679

YUMCHAA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2015

18 Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade payables	154,411	14,012	5,539	-
Social security and other taxes	64,904	10,461	-	-
Accruals and deferred income	164,271	11,180	10,000	5,000
Other payables	19,186	66,227	4	25,000
Amounts due to Group undertakings	-	-	20,049	20,000
	<u>402,772</u>	<u>101,880</u>	<u>35,592</u>	<u>50,000</u>

Accruals principally comprise amounts outstanding for ongoing expenses. The carrying amount of other payables approximates to its fair value.

19 Borrowings

Group only		2015	2014
		£	£
Brought forward		3,008	-
Financing during the period		-	3,699
Issue of loan notes	See below	305,000	-
Repayments in the period		(1,230)	(691)
Repayable within one year		(306,641)	(1,641)
Amounts due between one and five years		<u>137</u>	<u>1,367</u>

		Group		Company	
		2015	2014	2015	2014
		£	£	£	£
Loan note on 14/12/2014	See below	85,000	-	85,000	-
Loan note on 13/07/2015	See below	200,000	-	200,000	-
Loan note on 28/08/2015	See below	20,000	-	20,000	-
		<u>305,000</u>	<u>-</u>	<u>305,000</u>	<u>-</u>

On 14 December 2014 the Company entered into an agreement with Brian Stockbridge to borrow £50,000 with the option to borrow a further £250,000. To date the amount borrowed under this agreement is £93,500 which includes an arrangement fee payable of £8,500. The loan accrues interest at a rate of 0% per annum and is secured by a debenture with a fixed charge over any and all of the Company's present and future interest in, or over, freehold, common hold or leasehold property. The loan is convertible at the option of the lender into shares at the consideration price. The consideration price is a price per share equal to an overall valuation of the Yumchaa Holdings Limited of £200,000 divided by the number of £0.01 ordinary shares in issue. Brian Stockbridge will also be issued warrant instruments to subscribe for 5% of the issued share capital of the Company as at the date of an IPO (the listing of shares of the Company on any stock exchange).

On 13 July 2015 the Company entered into an agreement with Brian Stockbridge to borrow £200,000. To date the amount outstanding is £220,000 which includes an arrangement fee payable of £20,000. The loan accrues interest at a rate of 0% per annum and is secured by a debenture with a fixed charge over any and all of the Company's present and future interest in, or over, freehold, common hold or leasehold property. The loan is convertible at the option of the lender into shares at the consideration price. The consideration price is a price per share equal to an overall valuation of the Yumchaa Holdings Limited of £200,000 divided by the number of £0.01 ordinary shares in issue.

YUMCHAA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2015

19 Borrowings (Continued)

On 28 August 2015 the Company entered into an agreement with Daniel Confino to borrow £20,000. To date the amount outstanding is £22,000 which includes an arrangement fee payable of £2,000. The loan accrues interest at a rate of 0% per annum and is secured by a debenture with a fixed charge over any and all of the Company's present and future interest in, or over, freehold, common hold or leasehold property. The loan is convertible at the option of the lender into shares at the consideration price. The consideration price is a price per share equal to an overall valuation of the Yumchaa Holdings Limited of £220,000 divided by the number of £0.01 ordinary shares in issue.

20 Cash utilised by operations

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Reconciliation to cash generated from operations				
Profit/(loss) before taxation	(479,836)	(1,035)	5,508	(5,086)
Adjustments for				
- Depreciation	26,124	1,274	2,731	-
- Effect of reorganisation	-	20,000	-	-
- Finance costs	6,792			
Changes in working capital				
- Increase in trade and other receivables	(95,785)	(91,602)	(369,423)	(73,297)
- Increase/(decrease) in trade and other payables	300,892	101,880	(14,408)	50,000
Loss before taxation				
Cash flows from operating activities	<u>(241,813)</u>	<u>30,517</u>	<u>(375,592)</u>	<u>(28,383)</u>

21 Control

Brian Stockbridge, a director of the Company, is the ultimate controlling party at the date of approval of these financial statements.

22 Related party transactions

Group

At the period end the Group was due £10,670 (2014 – £24,429 due to) from Sean and Trinh Attwood, who were directors during the period.

At the period end the Group owed £285,000 (2014 – £nil) to Brian Stockbridge, a director during the period in respect of a loan made to the Group. The Group was also due £1 (2014 – £1) from Brian Stockbridge.

At the period end the Group owed £1,658 (2014 – £nil) to Defries Weiss Limited, included in trade creditors. Gerald Defries is a director of Defries Weiss Limited and was a director of the Group during the period.

Included within accruals, note 18 is the following:

£39,287 owed to Sean and Trinh Attwood jointly, both were directors during the period.
£20,000 owed to Brian Stockbridge, a director during the period.

YUMCHAA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2015

22 Related party transactions (Continued)

£20,000 owed to Daniel Confino, a director during the period
£20,000 owed to Fariba Faraji, a director during the period
£8,000 owed to Gerald Defries, a director during the period
£15,500 owed to Ealing Consulting Limited Michael Harrigan and Richard Glover are directors of Ealing Consulting Limited and were key members of management during the period
£15,000 (2014 - £3,750) owed to Defries Weiss Limited Gerald Defries is a director of Defries Weiss Limited and was a director of the Group during the period

Additionally other directors made loans to the Group and these transactions are as disclosed within note 19

The following transactions were included in expenses during the period

£12,500 (2014 - £2,500) to John French
£20,000 to Brian Stockbridge
£8,000 to Gerald Defries
£65,247 (2014 - £2,600) to Sean Attwood
£64,686 (2014 - £2,600) to Trinh Attwood
£20,000 to Daniel Confino
£20,000 to Fariba Faraji
£29,500 to Ealing Consultancy Limited Michael Harrigan and Richard Glover are directors of Ealing Consulting Limited and were key members of management during the period
£25,358 (2014 - £3,750) to Defries Weiss Limited Gerald Defries is a director of Defries Weiss Limited and was a director of the Group during the period

Company

At the period end the Company was owed £14,999 (2014 - £15,000) by Sean and Trinh Attwood, who were directors during the period

At the period end the Company owed £285,000 (2014 -£nil) to Brian Stockbridge, a director during the period in respect of a loan made to the Company The Company was also due £1 (2014 - £1) from Brian Stockbridge

Additionally other directors made loans to the Company and these transactions are as disclosed within note 19

At the period end the following balances were (owed to)/owed from subsidiary undertakings

	2015	2014
	£	£
Yumchaa Group Limited	(20,049)	(20,000)
Yumchaa Retail Limited	381,847	6,083
Yumchaa Soho Limited	35,000	35,000

23 Contingent liabilities

The Group has no contingent liabilities in respect of legal claims arising from the ordinary course of business

YUMCHAA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2015

24 Leasing agreements

Group	31 October 2014		Total £
	Land & Buildings £	Others £	
Within one year	310,799	-	310,799
Between two to five years	882,432	-	882,432
More than 5 years	79,661	-	79,661
	<u>1,272,893</u>	<u>-</u>	<u>1,272,893</u>

25 Capital commitments

There was no capital expenditure contracted for at the end of the reporting period but not yet incurred

26 Events after the reporting period

Under the Terms of the engagement letter dated 1 December 2015 with International Financial Strategic Associates Limited ("IFSA"), IFSA has been granted warrants over 5% of the issued share capital of the Company. IFSA is wholly owned by Brian Stockbridge. The terms and conditions of this agreement were agreed at arm's length. IFSA has assigned warrants over 2.5% of the issued share capital of the Company to Daniel Confino.

On 14 December 2015 the Company's ordinary shares were subdivided from 105,963 shares of £0.01 per share to 52,981,500 shares of £0.00002.

On 14 December 2015 the following allotments were made in relation to the loan notes detailed within note 19:

Name	Number of ordinary shares of £0.00002 each
Brian Stockbridge	71,511,780 shares for £269,950 of debt
Tanvier Malik	5,298,150 shares for £20,000 of debt
Daniel Confino	4,816,500 shares for £20,000 of debt

On 14 December 2015 it was proposed to grant certain options to Richard Glover and Michael Harrigan in order to incentivise them, to Aimee Freeding for work rendered but unpaid and to Brian Stockbridge, Daniel Confino and Fariba Faraji in lieu of salary not paid as follows:

Name	Number of ordinary shares of £0.00002 each under option
Aimee Freeding	745,789
Daniel Confino	745,789
Richard Glover	7,308,736
Michael Harrigan	4,385,242
Fariba Faraji	745,789
Brian Stockbridge	745,789