

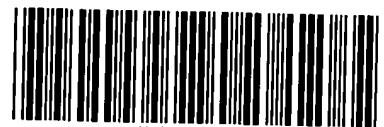
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YUMCHAA HOLDINGS PLC

**DIRECTORS' REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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

TUESDAY



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COMPANIES HOUSE

YUMCHAA HOLDINGS PLC

COMPANY INFORMATION

Directors

Brian Stockbridge
Daniel Confino
Richard Glover
Michael Harrigan

Secretary

International Registrars Limited

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

Parparinos Milonas
5, Limassol Avenue
Eurosire Tower, 3rd Floor
2112 Aglantzia
Nicosia
Cyprus

Solicitors

DAC Beachcroft LLP
100 Fetter Lane
London
EC4A 1BN

YUMCHAA HOLDINGS PLC

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YUMCHAA HOLDINGS PLC

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2016

The directors present their Strategic Report of the Company and the Group for the year ended 30 September 2016.

Review of the business

Yumchaa Holdings Plc ("Yumchaa") was incorporated on 8 July 2014 in England and Wales as a limited company under the Companies Act 2016. During the year the Group successfully listed £2 million of debentures on the Cyprus 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. In the year ended 30 September 2016, Yumchaa operated tea café's at locations in Kings Cross, Soho, Camden Lock, Camden Parkway and at Tottenham Street.

The trading results for the year ended 30 September 2016, and the Group's financial position at the end of the year are shown in the audited financial statements. The profit and loss account for the year shows a loss before tax of £766,047. Sales revenues are £1,530,163 in the year with a Gross profit margin for the year of 43%.

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.

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 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:

	2016	2015	% Change
Revenue	1,530,163	£1,420,675	7.7
Gross profit	663,588	£548,333	21
Gross profit margin	43%	39%	-
Cash and cash equivalents	1,012,163	£88,205	1048

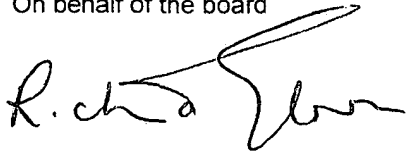
YUMCHAA HOLDINGS PLC

STRATEGIC REPORT (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2016**

Future developments

Now that 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

A handwritten signature in black ink, appearing to read 'R. Glover', with a stylized flourish extending from the end.

R Glover
Director

31 January 2017

YUMCHAA HOLDINGS PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2016

The directors present their report and the audited financial statements for the year ended 30 September 2016.

Principal activity

Yumchaa Holdings Plc 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 year and up to the date of this report were as follows:

Brian Stockbridge	
Daniel Confino	
Richard Glover	(Appointed 8 December 2015)
Michael Harrigan	(Appointed 8 December 2015)
Sean Attwood	(Resigned 8 December 2015)
Trinh Attwood	(Resigned 8 December 2015)
Fariba Faraji	(Resigned 8 December 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 year. 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 PLC

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2016

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

A handwritten signature in black ink, appearing to read 'R Glover', with a horizontal line drawn through the middle of the signature.

R Glover
Director

31 January 2017

YUMCHAA HOLDINGS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YUMCHAA HOLDINGS PLC

We have audited the financial statements of Yumchaa Holdings Plc for the year ended 30 September 2016, 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 2016 and of the Group's loss for the year 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 PLC

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

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 year 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: 31 January 2017

YUMCHAA HOLDINGS PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Notes	Year ended 30 September 2016 £	11 months to 30 September 2015 £
Continuing operations			
Revenue	5	1,530,163	1,420,675
Cost of sales		(866,575)	(872,342)
Gross profit		<u>663,588</u>	<u>548,333</u>
Exceptional expenses	6	(184,000)	
Administrative expenses	6	(1,126,171)	(1,021,377)
Operating loss		<u>(646,583)</u>	<u>(473,044)</u>
Finance Income		72	
Finance costs		(139,536)	(6,792)
Loss on ordinary activities before taxation		<u>(786,047)</u>	<u>(479,836)</u>
Taxation	8	-	-
Loss for the year attributable to the owners of the Parent		<u>(786,047)</u>	<u>(479,836)</u>
Total comprehensive income		<u><u>(786,047)</u></u>	<u><u>(479,836)</u></u>
Loss per share (expressed in pence per share)	10	<u>(0.61)p</u>	<u>(0.91)p</u>

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

YUMCHAA HOLDINGS PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

	Notes	As at 30 September 2016 £	As at 30 September 2015 £
Assets			
Non-current assets			
Intangible assets	11	1	1
Property, Plant & Equipment	12	133,123	123,303
		<u>133,124</u>	<u>123,304</u>
Current assets			
Trade and other receivables	14	220,743	187,387
Cash and cash equivalents	15	1,012,163	88,205
		<u>1,232,906</u>	<u>275,592</u>
Total assets		<u>1,366,030</u>	<u>398,896</u>
Equity and liabilities			
Equity attributable to owners of the Parent			
Ordinary shares	16	59,227	1,060
Share premium		501,176	149,397
Merger relief reserve		46,800	46,800
Share based payment reserve	18	62,167	-
Reorganisation reserve		(27,040)	(27,040)
Accumulated losses	17	(1,266,918)	(480,871)
Total equity		<u>(624,588)</u>	<u>(310,654)</u>
Liabilities			
Non-current liabilities			
Borrowings	20	1,501,132	137
Current liabilities			
Trade and other payables	19	489,349	402,772
Borrowings	20	137	306,641
Total liabilities		<u>1,990,618</u>	<u>709,550</u>
Total equity and liabilities		<u>1,366,030</u>	<u>398,896</u>

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

Approved by the Board and authorised for issue on 31 January 2017.



R Glover
Director

Company Registration No. 09121645

YUMCHAA HOLDINGS PLC

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2016

		As at 30 September 2016 £	As at 30 September 2015 £
	Notes		
Assets			
Non-current assets			
Intangibles	11	1	1
Investments	13	47,140	47,140
Property, Plant & Equipment	12	9,188	12,168
		<u>56,329</u>	<u>59,309</u>
Current assets			
Trade and other receivables	14	1,394,420	442,720
Cash and cash equivalents	15	864,417	36,242
		<u>2,258,837</u>	<u>478,962</u>
Total assets		<u>2,315,166</u>	<u>538,271</u>
Equity and liabilities			
Equity attributable to owners of the Parent			
Ordinary shares	16	59,227	1,060
Share premium		501,176	149,397
Merger relief reserve		46,800	46,800
Share-based payments reserve	18	62,167	-
Retained Profit	17	8,206	422
Total equity		<u>677,576</u>	<u>197,679</u>
Liabilities			
Non-current liabilities			
Borrowings	20	1,501,132	-
Current liabilities			
Trade and other payables	19	136,458	35,592
Borrowings	20	-	305,000
Total liabilities		<u>1,637,590</u>	<u>340,592</u>
Total equity and liabilities		<u>2,315,166</u>	<u>538,271</u>

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

Approved by the Board and authorised for issue on 31 January 2017.


R. Glover
Director

Company Registration No. 09121645

YUMCHAA HOLDINGS PLC

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2016

		Year ended 30 September 2016 £	11 months to 30 September 2015 £
	Notes		
Cash flows from operating activities	22	(589,946)	(241,813)
Interest paid		(35,500)	(6,792)
Interest received		72	
Net cash generated from operating activities		<u>(625,374)</u>	<u>(248,605)</u>
Cash flows from investing activities			
Purchase of tangible assets		(53,973)	(100,070)
Net cash flows from investing activities		<u>(53,973)</u>	<u>(100,070)</u>
Cash flows from financing activities			
Issue of ordinary share capital		409,946	50,000
Loan notes issued			305,000
Loan notes repaid		(305,000)	
Debentures issued		1,500,000	
Repayment of finance leases		(1,641)	(1,230)
Net cash flows from financing activities		<u>1,603,305</u>	<u>353,770</u>
Net increase in cash and cash equivalents		<u>923,958</u>	<u>5,095</u>
Cash and cash equivalents at the brought forward		88,205	83,110
Cash and cash equivalents carried forward		<u>1,012,163</u>	<u>88,205</u>

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

YUMCHAA HOLDINGS PLC

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2016

		Year ended 30 September 2016 £	11 months to 30 September 2015 £
	Notes		
Cash flows from operating activities	22	195,647	(375,592)
Interest paid		(35,500)	
Net cash generated from operating activities		<u>160,147</u>	<u>(375,592)</u>
Cash flows from investing activities			
Advanced to group companies		(936,919)	-
Net cash flows from investing activities		<u>(936,919)</u>	<u>-</u>
Cash flows from financing activities			
Issue of ordinary share capital		409,947	50,000
Loan notes issued		1,500,000	305,000
Repayment of Loan notes		(305,000)	-
Net cash flows from financing activities		<u>1,604,947</u>	<u>355,000</u>
Net increase in cash and cash equivalents		<u>828,175</u>	<u>(20,592)</u>
Cash and cash equivalents at the brought forward		36,242	56,834
Cash and cash equivalents carried forward		<u>864,417</u>	<u>36,242</u>

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

YUMCHAA HOLDINGS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Notes	Share capital	Share premium	Merger relief reserve	Share based payment reserve	Reorganisation reserve	Accumulated deficit	Total equity
		£	£	£	£	£	£	£
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)
Shares issued during the year	16	1,901	408,045	-	-	-	-	409,946
Bonus issue	16	56,266	(56,266)	-	-	-	-	-
Share-based payment		-	-	-	62,167	-	-	62,167
Loss for the year		-	-	-	-	-	(786,047)	(786,047)
As at 30 September 2016		59,227	501,176	46,800	62,167	(27,040)	(1,266,918)	(624,588)

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 2015 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.

Share-based payment reserve relates to the charge for share-based payments in accordance with International Financial Reporting Standards.

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 PLC

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Notes	Share capital	Share premium	Merger relief reserve	Share based payments reserve	Retained profit	Total equity
		£	£	£		£	£
As at 31 October 2014		1,007	99,450	46,800	-	(5,086)	142,171
Shares issued during the period	16	53	49,947	-	-	-	50,000
Profit for the period		-	-	-	-	5,508	5,508
As at 31 October 2015		1,060	149,397	46,800	-	422	197,679
Shares issued during the year		1,901	408,045	-	-	-	409,946
Bonus issue		56,266	(56,266)	-	-	-	-
Share-based payment		-	-	-	62,167	-	62,167
Profit for the year		-	-	-	-	7,784	7,784
As at 30 September 2016		59,227	501,176	46,800	62,167	8,206	677,576

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 Yumcha Group Limited on 29 October 2015 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.

Share-based payment reserve relates to the charge for share-based payments in accordance with International Financial Reporting Standards.

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

YUMCHAA HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

1 General information

Yumchaa Holdings Plc ('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 year presented unless otherwise stated.

2.1 Basis of preparation

The consolidated statement of Yumchaa Holdings Plc 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 year

There are no IFRS or IFRIC interpretations that are effective for the first time in this financial year 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 PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2016

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 PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2016

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 both the budget for the next 12 months from the date of this report and 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. During the year the Group secured long-term funding by way of issuance of £2million debentures on the Cyprus Stock Exchange.

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 PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2016

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, are 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 PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2016

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 PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2016

2.9 Group reorganisation accounting

The Company acquired its 100% interest in Yumchaa Group Limited in October 2015 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 Plc 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 year 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 year 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 PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2016

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 year 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 year 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 PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2016

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 year ended 30 September 2016 was £20,743 (2015 - £26,124) 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 year.
- 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 year 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 PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2016

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

	2016 £	2015 £
Operating loss is stated after charging:		
Employment and related costs	399,911	258,099
Rent under operating leases	373,605	333,939
Rates	108,783	105,655
Travel	3,036	7,667
Legal and professional	213,294	77,911
Audit fees	26,300	5,000
Depreciation	20,743	23,882
Other expenses	164,499	209,224
Total administrative expenses	<u>1,310,171</u>	<u>1,021,377</u>

Included within cost of sales was additional depreciation of £372 (2015 - £2,242) relating to the depreciation on leasehold improvements of café shops.

Included within the above are exceptional expenses of £184,000 in relation to the listing on the Cyprus Emerging Market Stock Exchange.

7 Employee benefit expense

	2016 £	2015 £
Employees and Directors		
Wages and salaries	651,403	540,770
Directors' remuneration	79,525	129,933
Directors' fees	98,947	80,500
Social security costs	53,390	41,599
	<u>883,265</u>	<u>792,802</u>

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

Wages and salaries	456,637	508,136
Social security costs	26,717	26,567
Total included in cost of sales	<u>483,354</u>	<u>534,703</u>
Total included in administrative expense (note 6)	<u>399,911</u>	<u>258,099</u>
Total employment costs	<u>883,265</u>	<u>792,802</u>

YUMCHAA HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2016

7 Employee benefit expense (Continued)

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

	2016 number	2015 Number
Directors	5	6
Head office	3	7
Operations	35	33
	<u>43</u>	<u>46</u>

8 Taxation

	2016 £'000	2015 £'000
Current tax expense	-	-
Deferred tax credit on amortisation of intangible	-	-
	<u>-</u>	<u>-</u>
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	<u>(786,047)</u>	<u>(479,836)</u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20%	(147,209)	(95,967)
Effects of:		
Capital allowances in excess of depreciation		(15,238)
Amortisation		
Non-deductible expenses		
Tax losses carried forward	147,209	111,205
Current tax charge for the year	<u>-</u>	<u>-</u>

The Group has estimated tax losses of £703,234 (2015 - £556,025) available for carry forward against future trading profits.

The tax losses have resulted in a deferred tax asset at future tax rate of 20% (2015 - 20%) of approximately £140,647 (2015 - £111,205) 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 year was £7,784 (2015 - £5,508).

YUMCHAA HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2016

10 Earnings per share

	2016	2015
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 year:		
Loss after tax attributable to equity holders of the Group	£786,047	£479,836
Weighted average number of ordinary shares	127,868,793	52,658,472
Basic and diluted loss per share	<u>0.61p</u>	<u>0.91p</u>

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 relate to share options issued and are disclosed within note 18.

11 Intangible assets

Group and Company

	Goodwill £
Cost	
At 31 October 2015 and 30 September 2016	<u>1</u>
Amortisation	
At 31 October 2015 and 30 September 2016	<u>-</u>
Carrying amount	
At 31 October 2015 and 30 September 2016	<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 PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2016

12 Property, plant and equipment

Group	Leasehold improvements £	Plant & Machinery £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 October 2015	12,231	33,085	105,385	150,701
Additions	37,100	8,650	8,223	53,973
Other adjustments	-	-	(24,410)	(24,410)
At 30 September 2016	49,331	41,735	89,198	180,264
Accumulated depreciation				
At 1 October 2015	2,242	6,329	18,827	27,398
Charge for the year	372	7,607	12,764	20,743
Other adjustments	(1,000)	-	-	(1,000)
At 30 September 2016	1,614	13,936	31,591	47,141
Carrying amount				
At 30 September 2016	47,717	27,799	57,607	133,123
At 30 September 2015	9,989	26,756	86,558	123,303

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 2016	-	1,479	-	1,479
At 30 September 2015	-	2,219	-	2,219
Depreciation charged for the year to:				
30 September 2016	-	740	-	740
30 September 2015	-	740	-	740

YUMCHAA HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2016

12 Property, plant and equipment (Continued)

Company	Plant & Machinery £
Cost	
At 31 September 2015 and 30 September 2016	14,899
Accumulated depreciation	
At 30 September 2015	2,731
Charge for the year	2,980
At 30 September 2016	5,711
Carrying amount	
At 30 September 2016	9,188
At 30 September 2015	12,168

13 Investments in subsidiary undertakings

Company	Shares in Group undertakings £
Cost	
At 30 September 2015 & 30 September 2016	47,140

The Company held the following subsidiaries as at 30 September 2016:

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 2015, 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 PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2016

14 Trade and other receivables

	Group 2016 £	2015 £	Company 2016 £	2015 £
Trade receivables	-	-	-	-
Other receivables	98,237	79,312	31,768	25,873
Amount due from directors	-	10,671	-	-
Prepayments	122,506	97,404	8,887	-
Amounts due from Group undertakings	-	-	1,353,765	416,847
	<u>220,743</u>	<u>187,387</u>	<u>1,394,420</u>	<u>442,720</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 year as shown in the Statement of Cash Flows can be reconciled to the related items in the Statement of Financial Position as follows:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Cash and cash equivalents	<u>1,012,163</u>	<u>88,205</u>	<u>864,417</u>	<u>36,242</u>

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

16 Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
148,068,723 (2015 - 105,963 of £0.01 each) Ordinary shares of £0.0004 each	<u>59,227</u>	<u>1,060</u>

During the year the Group had the following share transactions:

On 14 December 2015 the Company completed a subdivision of shares of 1 for 500.

On 14 December 2015 the Company converted loans of £309,948 into new shares by issuing 81,626,430 shares.

On 8 January 2016 the Company completed a debt for equity swap by transferring a £100,000 loan into 13,460,793 new shares.

On 8 January 2016 the Company issued a 20 for 1 bonus issue of shares.

On 8 January 2016 the Company consolidated ordinary shares from £0.00002 to £0.0004

YUMCHAA HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2016

17 Accumulated losses

	Group £	Company £
As at 31 October 2014	(1,035)	(5,086)
Profit/(Loss) for the period	(479,836)	5,508
As at 30 September 2015	(480,871)	422
Profit/(Loss) for the year	(766,047)	7,784
As at 30 September 2016	(1,246,918)	8,206

18 Share-based payment transactions

The measurement requirements of IFRS 2 have been implemented in respect of share options that were granted after 7 November 2002. The expense recognised for share based payment made during the year is £2,167 (2015: £nil)

Movement in issued share options during the year

The table illustrates the number and weighted average exercise price (WAEP) of, and movements in share options during the year. The options outstanding at 30 September 2016 had a WAEP of 0.04p, a weighted average contracted life of 2 years and an exercise price of £0.04. All share options are settled in form of equity issued.

	2016 No. of options	WAEP
Outstanding at the beginning of the year	-	-
Granted during the year	14,677,134	0.04p
Forfeited/cancelled during the year	-	-
Exchanged for shares	-	-
Outstanding at the end of the year	14,677,134	0.04p
Exercisable at the end of the year	14,677,134	0.04p

The inputs into the Black-Scholes model are as follows:

	8 January 2016
Number of options granted	14,677,134
Share price at grant date	0.04p
Exercise price	0.04p
Option life in years	2
Risk free rate	1%
Expected volatility	50%
Expected dividend yield	0%
Fair value of options/warrants	£0.0001

YUMCHAA HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2016

19 Trade and other payables

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade payables	127,813	154,411	1	5,539
Social security and other taxes	56,789	64,904	-	-
Accruals and deferred income	270,760	164,271	116,404	10,000
Other payables	13,987	19,186	4	4
Amounts due to Group undertakings	-	-	20,049	20,049
	<u>469,349</u>	<u>402,772</u>	<u>136,458</u>	<u>35,592</u>

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

20 Borrowings

	Group		Company	
Group only	2016	2015	2016	2015
	£	£	£	£
<i>Non-current</i>				
Debentures	1,501,132	-	1,501,132	-
Other Loans	-	137	-	-
<i>Current</i>				
Other Loans	137	306,641	-	305,000
Amounts due between one and five years	<u>1,501,269</u>	<u>306,778</u>	<u>1,501,132</u>	<u>305,000</u>

On 22 February 2016, Yumchaa Holdings Plc listed £2,000,000 6% debentures on the Cyprus Stock Exchange. The debentures are redeemable at a nominal value of £1 on 31 December 2022. All commissions due on debentures have been deferred against the debentures they relate to and have been shown as non-current borrowings. Included within debentures is capitalised commission of £500,000.

The debentures are secured by first floating charge over all of the assets of the group.

On 14 December 2015 the Company converted the other loans of £305,000 into new shares.

YUMCHAA HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2016

21 Financial instruments

Financial risk management objectives and policies are discussed in detail within note 4.

Financial instruments by category

The following table sets out the financial instruments as at the statement of financial position date:

	2016 £	Group 2015 £	2016 £	Company 2015 £
Financial assets				
Loans and receivables measured at amortised cost:				
Trade and other receivables	220,743	187,387	1,034,420	442,720
Bank balances and cash - denominated in sterling	1,012,163	88,205	864,417	36,242
	<u>1,232,906</u>	<u>275,592</u>	<u>1,898,837</u>	<u>478,962</u>
Financial liabilities				
Financial liabilities measured at amortised cost:				
Trade and other payables	469,349	402,772	136,458	35,592
Other loans		306,641		305,000
Debentures	1,501,132	-	1,501,132	-
	<u>1,970,481</u>	<u>709,413</u>	<u>1,637,590</u>	<u>340,592</u>

The maturities of the loans is noted:

Financial liabilities – debentures and other loans

Less than one year	306,641	-	305,000
Between one but not more than five years	-	-	-
Greater than five years	1,501,132	-	-
	<u>1,501,132</u>	<u>306,641</u>	<u>1,501,132</u>
			<u>305,000</u>

YUMCHAA HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2016

22 Cash utilised by operations

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Reconciliation to cash generated from operations				
Profit/(loss) before taxation	(786,047)	(479,836)	7,784	5,508
Adjustments for:				
- Depreciation	20,743	26,124	2,980	2,731
- Finance costs	139,536	6,792	139,536	-
- Finance income	(72)			
- Share-based payments	2,167	-	2,167	-
Changes in working capital:				
- Increase in trade and other receivables	(33,356)	(95,785)	(14,782)	(369,423)
- Increase/(decrease) in trade and other payables	67,083	300,892	57,962	(14,408)
Cash flows from operating activities	<u>(589,946)</u>	<u>(241,813)</u>	<u>195,647</u>	<u>(375,592)</u>

23 Control

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

24 Related party transactions

Group

At the year-end the Group was due £15,671 (2015 – £15,671) from Sean and Trinh Attwood, who were directors during the year.

At the period end the Group owed £nil (2015 – £285,000) to Brian Stockbridge, a director during the period in respect of a loan made to the Group. The Group was also due £1 (2015 - £1) from Brian Stockbridge.

Included within accruals, note 19 is the following:

£39,287 owed to Sean and Trinh Attwood jointly, both were directors during the year.

£4,000 owed to Brian Stockbridge, a director during the year.

£2,000 owed to Daniel Confino, a director during the year.

The following transactions were included in expenses during the period:

£18,000 of director's fees to Brian Stockbridge

£18,000 of director's fees to Daniel Confino

£58,000 of consultancy fees to Ealing Consulting Services Limited. Michael Harrigan and Richard Glover are the sole shareholders of Ealing Consulting Services Limited.

YUMCHAA HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2016

24 Related party transactions (Continued)

Company

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

	2016 £	2015 £
Yumchaa Group Limited	(20,049)	(20,049)
Yumchaa Retail Limited	1,318,765	381,847
Yumchaa Soho Limited	35,000	35,000
	<u>1,333,716</u>	<u>396,798</u>

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions are made only if such terms can be substantiated.

25 Contingent liabilities

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

26 Leasing agreements

Group	30 September 2016		Total £
	Land & Buildings £	Others £	
Within one year	287,450	-	287,450
Between two to five years	595,974	-	595,974
More than 5 years	-	-	-
	<u>883,424</u>	<u>-</u>	<u>883,424</u>

27 Capital commitments

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

28 Events after the reporting period

The Company continued its growth plans by opening a new shop on Brick Lane, London. Before opening the shop the Company undertook refurbishments in order for the shop to be fully operational.