

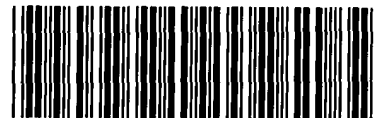
Registered Number: 09121645

YUMCHAA HOLDINGS PLC

**DIRECTORS' REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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

WEDNESDAY



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06/06/2018
COMPANIES HOUSE

YUMCHAA HOLDINGS PLC

COMPANY INFORMATION

Directors

Brian Stockbridge
Daniel Confino
Richard Glover
Michael Harrigan
Michael Kill

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 2017

The directors present their Strategic Report of the Company and the Group for the year ended 30 September 2017.

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 2006. During the year ended 2016 the Group successfully listed £2 million of debentures on the Cyprus Stock Exchange market. The bond has been delisted on 28 March 2017.

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 2017, Yumchaa operated tea café's at locations in Kings Cross, Soho, Putney, Camden Lock, Camden Parkway and at Tottenham Street.

The trading results for the year ended 30 September 2017, 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 £645,005. Sales revenues are £1,766,126 in the year with a Gross profit margin for the year of 35%.

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.

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.

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.

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:

	2017	2016	% Change
Revenue	1,766,126	1,530,163	15%
Gross profit	610,979	663,588	(3%)
Gross profit margin	35%	43%	-
Cash and cash equivalents	90,196	1,012,163	(91%)

YUMCHAA HOLDINGS PLC

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

Future developments

The decision was made to change the entire management team of the business with all Director and executive staff being removed from the business. This was as a result of continued poor financial results.

The strategy moving forward is to take the brand and company back to its roots of placing the customer at the heart of the business by building an experience that only a unique independent operator could offer. Combined with premium quality and innovative products and a well-trained and knowledgeable workforce.

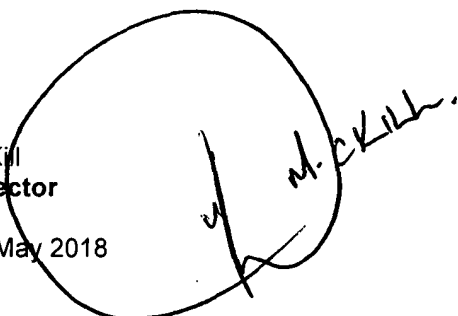
The decision was made to sell Parkway and Tottenham Street sites to bring in funds that could allow the business to meet financial obligations.

At the moment we are looking to drive sales by introducing a new ethos and brand identity to our shops. We will build the financial performances in the shops that remain and once we have seen the impact of the changes made we will look to put a new expansion plan in place.

On behalf of the board

M Kil
Director

23 May 2018

A large, handwritten signature in black ink, appearing to read 'M. Kil', is written over a large, hand-drawn circle. The signature is stylized and cursive.

YUMCHAA HOLDINGS PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2017

The directors present their report and the audited financial statements for the year ended 30 September 2017.

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 8. 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	(Resigned on 30 September 2017)
Daniel Confino	(Resigned on 30 September 2017)
Richard Glover	(Resigned on 2 November 2017)
Michael Harrigan	(Resigned on 4 July 2017)
Allbest Nominees Limited	(Appointed on 25 October 2017 and resigned on 9 May 2018)
Michael Kill	(Appointed on 9 May 2018)

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 2017

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.

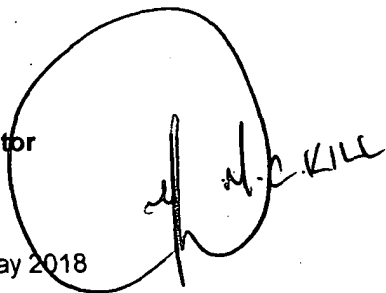
Strategic report

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

M Kill
Director

23 May 2018

A handwritten signature in black ink, appearing to read 'M Kill', is written over a large, hand-drawn circular scribble.

YUMCHAA HOLDINGS PLC

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YUMCHAA HOLDINGS PLC

We have audited the consolidated financial statements of Yumchaa Holdings PLC and its subsidiaries (the Group), which comprise the consolidated and company statements of financial position as at 30 September 2017, the consolidated statement of comprehensive income, consolidated and company statements of changes in equity and consolidated and company statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements 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

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2017 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 the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Basis for Qualified Opinion

We were unable to obtain sufficient appropriate audit evidence about the payroll, VAT, sales, investments in subsidiaries, intercompany debtors in the company statement of financial position as at 30 September 2017. The original records have been lost because the changes of location of the head office and the finance team post year end when the audit was carried out. Consequently, we were unable to determine whether any adjustments to the amounts disclosed in the financial statements in respect of the above were necessary.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Kingdom and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material uncertainty related to going concern

We draw attention to note 2.1 in the financial statements, which explains that the company is dependent upon improving trading conditions. These events or conditions, along with the other matters as set forth in note 2.1, indicate that a material uncertainty exists that may cast doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

YUMCHAA HOLDINGS PLC

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- certain disclosures of directors' remuneration specified by law are not made;

We have identified the following matters as detailed in the Basis for Qualified Opinion paragraph above in relation to which the Companies Act 2006 requires us to report to you, 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; and
- the parent company financial statements are not in agreement with the accounting records and returns; and
- we have not received all the information and explanations we require for our audit.

Responsibilities of the directors

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an

YUMCHAA HOLDINGS PLC

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

audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

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

Use of this report

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



Sanjay Parmar
Senior Statutory Auditor

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

Date: 23 May 2018

YUMCHAA HOLDINGS PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Note	Year ended 30 September 2017 £	Year ended 30 September 2016 £
Continuing operations			
Revenue	5	1,766,126	1,530,163
Cost of sales		(1,155,147)	(866,575)
Gross profit		<u>610,979</u>	<u>663,588</u>
Exceptional expenses	6	-	(184,000)
Administrative expenses	6	(1,080,284)	(1,310,171)
Operating loss		<u>(1,080,284)</u>	<u>(646,583)</u>
Finance income		1,265	72
Finance costs		(176,965)	(139,536)
Loss on ordinary activities		<u>(645,005)</u>	<u>(786,047)</u>
Taxation	8	-	-
Loss for the year attributable to the owners of the Parent		<u>(645,005)</u>	<u>(786,047)</u>
Total comprehensive income		<u><u>(645,005)</u></u>	<u><u>(786,047)</u></u>
Loss per share (expressed in pence per share)	10	<u>(0.44)p</u>	<u>(0.61)p</u>

The notes on pages 15 to 33 form part of these financial statements.

YUMCHAA HOLDINGS PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	Notes	As at 30 September 2017 £	As at 30 September 2016 £
Assets			
Non-current assets			
Intangible assets	11	1	1
Property, Plant & Equipment	12	343,613	133,123
		<u>343,614</u>	<u>133,124</u>
Current assets			
Stock		58,803	-
Trade and other receivables	14	375,452	220,743
Cash and cash equivalents	15	90,196	1,012,163
		<u>524,451</u>	<u>1,232,906</u>
Total assets		<u>868,065</u>	<u>1,366,030</u>
Equity and liabilities			
Equity attributable to owners of the Parent			
Ordinary shares	16	59,227	59,227
Share premium		501,176	501,176
Merger relief reserve		46,800	46,800
Share based payment reserve	18	62,167	62,167
Reorganisation reserve		(27,040)	(27,040)
Accumulated losses	17	(1,911,923)	(1,266,918)
Total equity		<u>(1,269,593)</u>	<u>(624,588)</u>
Liabilities			
Non-current liabilities			
Borrowings	20	1,558,046	1,501,132
Current liabilities			
Trade and other payables	19	579,612	489,349
Borrowings	20	-	137
Total liabilities		<u>2,137,658</u>	<u>1,990,618</u>
Total equity and liabilities		<u>868,065</u>	<u>1,366,030</u>

The notes on pages 15 to 33 form part of these financial statements.

Approved by the Board and authorised for issue on 23 May 2018.

M Kill
Director

Company Registration No. 09121645

YUMCHAA HOLDINGS PLC

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2017

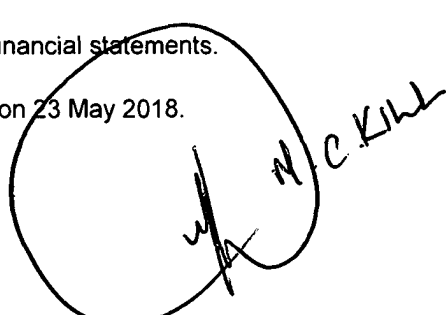
		As at 30 September 2017 £	As at 30 September 2016 £
Assets	Notes		
Non-current assets			
Intangibles	11	1	1
Investments	13	47,140	47,140
Property, Plant & Equipment	12	6,208	9,188
		<u>53,349</u>	<u>56,329</u>
Current assets			
Trade and other receivables	14	2,340,989	1,394,420
Cash and cash equivalents	15	16,107	864,417
		<u>2,357,096</u>	<u>2,258,837</u>
Total assets		<u>2,410,445</u>	<u>2,315,166</u>
Equity and liabilities			
Equity attributable to owners of the Parent			
Ordinary shares	16	59,227	59,227
Share premium		501,176	501,176
Merger relief reserve		46,800	46,800
Share-based payments reserve	18	62,167	62,167
Retained Profit	17	7,249	8,206
Total equity		<u>676,619</u>	<u>677,576</u>
Liabilities			
Non-current liabilities			
Borrowings	20	1,558,046	1,501,132
Current liabilities			
Trade and other payables	19	175,780	136,458
Total liabilities		<u>1,733,826</u>	<u>1,637,590</u>
Total equity and liabilities		<u>2,411,445</u>	<u>2,315,166</u>

The notes on pages 15 to 33 form part of these financial statements.

Approved by the Board and authorised for issue on 23 May 2018.

M Kill
Director

Company Registration No. 09121645



YUMCHAA HOLDINGS PLC

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2017

		Year ended 30 September 2017 £	Year ended 30 September 2016 £
	Notes		
Cash flows from operating activities	22	(614,918)	(589,946)
Interest paid		-	(35,500)
Interest received		1,265	72
Net cash generated from operating activities		(613,653)	(625,374)
Cash flows from investing activities			
Purchase of tangible assets		(308,177)	(53,973)
Net cash flows from investing activities		(308,177)	(53,973)
Cash flows from financing activities			
Issue of ordinary share capital		-	409,946
Loan notes repaid		-	(305,000)
Debentures issued		-	1,500,000
Repayment of finance leases		(137)	(1,641)
Net cash flows from financing activities		(137)	1,603,305
Net increase in cash and cash equivalents		(921,967)	923,958
Cash and cash equivalents at the brought forward		1,012,163	88,205
Cash and cash equivalents carried forward		90,196	1,012,163

The notes on pages 15 to 33 form part of these financial statements.

YUMCHAA HOLDINGS PLC

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2017

		Year ended 30 September 2017 £	Year ended 30 September 2016 £
	Notes		
Cash flows from operating activities	22	101,110	195,647
Interest paid		-	(35,500)
Interest received		-	-
Net cash generated from operating activities		101,110	160,147
Cash flows from investing activities			
Advanced to group companies		(949,420)	(936,919)
Net cash flows from investing activities		(949,420)	(936,919)
Cash flows from financing activities			
Issue of ordinary share capital		-	409,947
Loan notes issued		-	1,500,000
Repayment of Loan notes		-	(305,000)
Net cash flows from financing activities		-	1,604,947
Net increase in cash and cash equivalents		(848,310)	828,175
Cash and cash equivalents at the brought forward		864,417	36,242
Cash and cash equivalents carried forward		16,107	864,417

The notes on pages 15 to 33 form part of these financial statements.

YUMCHAA HOLDINGS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	Share capital	Share premium	Merger relief reserve	Share based payment reserve	Reorganisation reserve	Accumulated deficit	Total equity
		£	£	£	£	£	£	£
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)
Loss for the year							(645,005)	(645,005)
As at 30 September 2017		59,227	501,176	46,800	62,167	(27,040)	(1,911,923)	(1,269,593)

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 15 to 33 form part of these financial statements.

YUMCHAA HOLDINGS PLC

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2017

Notes	Share capital	Share premium	Merger relief reserve	Share based payments reserve	Retained profit	Total equity
	£	£	£		£	£
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
Profit for the year					(957)	(957)
As at 30 September 2017	59,227	501,176	46,800	62,167	7,249	676,619

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 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 15 to 33 form part of these financial statements.

YUMCHAA HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017

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 2017

New standards and interpretations (Continued)

Reference	Title	Summary	Application date of standard (Periods commencing on or after)
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	Annual periods beginning on or after 1 January 2018
IFRS 15	Revenue Contracts Customers	from with IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.	Annual periods beginning on or after 1 January 2018
Amendment to IFRS 15	'Revenue Contracts Customers' clarifications	from with Amends IFRS 15 <i>Revenue from Contracts with Customers</i> to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.	Annual periods beginning on or after 1 January 2018
Amendments to IFRS 2	'Share based payments' classification and measurement of share-based payment transactions	o Amends IFRS 2 <i>Share-based Payment</i> to clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.	Annual periods beginning on or after 1 January 2018
IFRIC 22	Foreign currency transactions and advance consideration	The interpretation concludes that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.	Annual periods beginning on or after 1 January 2018
IFRS 16	Leases	The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	Annual periods beginning on or after 1 January 2019

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 2017

2.1 Basis of preparation (continued) Going concern

The financial statements have been prepared on the assumption that the Company 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 has disposed outlets on Tottenham Street and Parkways to raise additional funding and the Group expects improvement in trading conditions. The Directors' are satisfied that the Group has sufficient resources in order to support the Group in operational existence in 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 2017

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 2017

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 2017

2.9 Group reorganisation accounting

The Company acquired its 100% interest in Yumchaa Group Limited in October 2016 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 2017

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.

2.17 Stocks

Inventories are valued at the lower of cost and net realizable value, on a weighted average cost basis. Slow-moving, obsolete or unsellable inventory are reviewed by management on a regular basis and a provision is made if needed.

YUMCHAA HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

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 2017 was £20,743 (2016 - £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 2017

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

	2017 £	2016 £
Operating loss is stated after charging:		
Employment and related costs	321,506	399,911
Rent under operating leases	351,369	373,605
Rates	117,632	108,783
Travel	556	3,036
Legal and professional	(5,238)	213,294
Audit fees	24,350	26,300
Depreciation	97,689	20,743
Other expenses	172,420	164,499
Total administrative expenses	<u>1,080,284</u>	<u>1,310,171</u>

Included within the above are exceptional expenses of Nil (2016: £184,000) in relation to the listing on the Cyprus Emerging Market Stock Exchange.

7 Employee benefit expense

	2017 £	2016 £
Employees and Directors		
Wages and salaries	713,946	651,403
Directors' remuneration	146,671	79,525
Directors' fees	-	98,947
Social security costs	57,165	53,390
	<u>917,782</u>	<u>883,265</u>

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

Wages and salaries	565,786	456,637
Social security costs	30,490	26,717
Total included in cost of sales	<u>596,276</u>	<u>483,354</u>
Total included in administrative expense (note 6)	<u>321,506</u>	<u>399,911</u>
Total employment costs	<u>917,782</u>	<u>883,265</u>

YUMCHAA HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

7 Employee benefit expense (Continued)

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

	2017 number	2016 Number
Directors	4	5
Head office	-	3
Operations	36	35
	<u>40</u>	<u>43</u>

8 Taxation

	2017 £'000	2016 £'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>(645,055)</u>	<u>(786,047)</u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20%	(129,011)	(147,209)
Effects of:		
Capital allowances in excess of depreciation		
Amortisation		
Non-deductible expenses		
Tax losses carried forward	129,011	147,209
Current tax charge for the year	<u>-</u>	<u>-</u>

The Group has estimated tax losses of £1,987,127 (2016 - £1,342,072) available for carry forward against future trading profits.

The tax losses have resulted in a deferred tax asset at future tax rate of 20% (2016 - 20%) of approximately £397,425 (2016 - £268,414) 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 loss for the financial year was £957 (2016 - profit £7,784).

YUMCHAA HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

10 Earnings per share

	2017	2016
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	£645,005	£786,047
Weighted average number of ordinary shares	148,068,723	127,868,793
Basic and diluted loss per share	<u>0.44p</u>	<u>0.61p</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 2016 and 30 September 2017	<u>1</u>
Amortisation	
At 31 October 2016 and 30 September 2017	<u>-</u>
Carrying amount	
At 31 October 2016 and 30 September 2017	<u><u>1</u></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 2017

12 Property, plant and equipment

Group	Leasehold improvements £	Plant & Machinery £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 October 2016	49,331	41,735	89,198	180,264
Additions	260,838	30,379	16,960	308,177
Other adjustments				
At 30 September 2017	310,169	72,114	106,158	488,441
Accumulated depreciation				
At 1 October 2016	1,614	13,936	31,591	47,141
Charge for the year	62,034	14,423	21,230	97,687
Other adjustments				
At 30 September 2017	63,648	28,359	52,821	144,828
Carrying amount				
At 30 September 2017	246,521	43,755	53,337	343,613
At 30 September 2016	47,717	27,799	57,607	133,123

YUMCHAA HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

12 Property, plant and equipment (Continued)

Company	Plant & Machinery £
Cost	
At 31 September 2016 and 30 September 2017	14,899
Accumulated depreciation	
At 30 September 2016	5,711
Charge for the year	2,980
At 30 September 2017	8,691
Carrying amount	
At 30 September 2017	6,208
At 30 September 2016	9,188

13 Investments in subsidiary undertakings

Company	Shares in Group undertakings £
Cost	47,140
At 30 September 2016 & 30 September 2017	47,140

The Company held the following subsidiaries as at 30 September 2017:

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 2016, 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.

The subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of s479A.

YUMCHAA HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

14 Trade and other receivables

	Group 2017 £	2016 £	Company 2017 £	2016 £
Trade receivables	3,309	-	-	-
Other receivables	168,478	98,237	21,350	31,768
Prepayments	203,665	122,506	14,094	8,887
Amounts due from Group undertakings	-	-	2,303,185	1,353,765
	<u>375,452</u>	<u>220,743</u>	<u>2,338,629</u>	<u>1,394,420</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 2017 £	2016 £	Company 2017 £	2016 £
Cash and cash equivalents	<u>90,196</u>	<u>1,012,163</u>	<u>16,107</u>	<u>864,417</u>

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

16 Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
148,068,723 (2016 - 148,068,723 of £0.00004 each)	59,227	59,227
Ordinary shares of £0.0004 each		

During the year ended 30 September 2017 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 2017

17 Accumulated losses

	Group £	Company £
As at 31 October 2015	(480,871)	422
Profit/(Loss) for the period	(786,047)	7,784
As at 30 September 2016	(1,266,918)	8,206
Profit/(Loss) for the year	(645,005)	(957)
As at 30 September 2017	(1,911,923)	7,249

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 £Nil (2016: £2,167)

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.

	2017 No. of options	WAEP
Outstanding at the beginning of the year	14,677,134	0.04p
Granted during the year	-	-
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 2017

19 Trade and other payables

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade payables	215,000	127,813	23,401	1
Social security and other taxes	80,245	56,789	-	-
Accruals and deferred income	218,375	290,760	132,326	116,404
Other payables	65,992	13,987	4	4
Amounts due to Group undertakings	-	-	20,049	20,049
	<u>579,612</u>	<u>489,349</u>	<u>175,780</u>	<u>136,458</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	2017	2016	2017	2016
	£	£	£	£
<i>Non-current</i>				
Debentures	1,558,046	1,501,132	1,558,046	1,501,132
Other Loans	-	-	-	-
<i>Current</i>				
Other Loans	-	137	-	-
Amounts due between one and five years	<u>1,558,046</u>	<u>1,501,269</u>	<u>1,558,046</u>	<u>1,501,132</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 bond was delisted on 28 March 2017.

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

YUMCHAA HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

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:

	2017 £	Group 2016 £	2017 £	Company 2016 £
Financial assets				
Loans and receivables measured at amortised cost:				
Trade and other receivables	375,452	220,743	2,340,989	1,034,420
Bank balances and cash				
- denominated in sterling	90,196	1,012,163	16,107	864,417
	<u>465,648</u>	<u>1,232,906</u>	<u>2,357,096</u>	<u>1,898,837</u>
Financial liabilities				
Financial liabilities measured at amortised cost:				
Trade and other payables	579,612	489,349	175,780	136,458
Debentures	1,558,046	1,501,132	1,558,046	1,501,132
	<u>2,137,658</u>	<u>1,990,481</u>	<u>1,733,826</u>	<u>1,637,590</u>

The maturities of the loans is noted:

Financial liabilities – debentures and other loans

Greater than five years	1,558,046	1,501,132	1,558,046	1,501,132
	<u>1,558,046</u>	<u>1,501,132</u>	<u>1,558,046</u>	<u>1,501,132</u>

YUMCHAA HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

22 Cash utilised by operations

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Reconciliation to cash generated from operations				
Profit/(loss) before taxation	(645,005)	(786,047)	(957)	7,784
Adjustments for:				
- Depreciation	97,687	20,743	2,980	2,980
- Finance costs	104,036	139,536	104,036	139,536
- Finance income	(1,265)	(72)	-	-
- Share-based payments	-	2,167	-	2,167
Changes in working capital:				
- Increase in trade and other receivables	(154,709)	(33,356)	2,851	(14,782)
- Increase/(decrease) in trade and other payables	43,141	67,083	(7,800)	57,962
- Decrease/(Increase) in stocks	(58,803)	-	-	-
Cash flows from operating activities	<u>(614,918)</u>	<u>(589,946)</u>	<u>101,110</u>	<u>195,647</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

Included within accruals, note 19 is the following:

£2,000 (2016: £4,000) owed to Brian Stockbridge, a director during the year.
£2,000 (2016: £2,000) owed to Daniel Confino, a director during the year.

Company

The following transactions were included in expenses during the period:

£20,000 (2016: £18,000) of director's fees to Brian Stockbridge
£24,000 (2016: £18,000) of director's fees to Daniel Confino

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

	2017	2016
	£	£
Yumchaa Group Limited	(20,049)	(20,049)
Yumchaa Retail Limited	2,268,185	1,318,765
Yumchaa Soho Limited	35,000	35,000
	<u>2,283,136</u>	<u>1,333,716</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.

YUMCHAA HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

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 2017		Total £
	Land & Buildings £	Others £	
Within one year	258,550		258,550
Between two to five years	357,883		357,883
More than 5 years	212,500		212,500
	<u>828,933</u>		<u>828,933</u>

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 has assigned its leases on Parkways and Tottenham Street post year end to third parties.