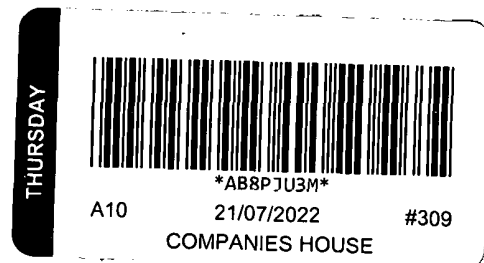


REGISTERED NUMBER: 09411353

REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021
FOR
HR BAKERY LTD



HR BAKERY LTD
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FOR THE YEAR ENDED TO 30 SEPTEMBER 2021

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HR BAKERY LTD
COMPANY INFORMATION
FOR THE YEAR ENDED TO 30 SEPTEMBER 2021

DIRECTORS:

N Erts
V L Bradin

SECRETARY:

M Roy

REGISTERED OFFICE:

C23 – 5&6 Cobalt Park Way
Cobalt Park
Newcastle Upon Tyne
NE28 9EJ
UNITED KINGDOM

REGISTERED NUMBER:

09411353 (England and Wales)

AUDITORS:

Ernst & Young LLP
1 More London Place
SE1 2AF

HR BAKERY LTD
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED TO 30 SEPTEMBER 2021

The Directors present their report with the financial statements of HR Bakery Ltd (the “Company”) for the year to 30 September 2021. The Directors of The Sage Group plc, the ultimate parent company, set the strategy for the whole Sage group of companies (“Sage, or the “Group”). This is set out within the The Sage Group plc Annual Report and Accounts for the year ended 30 September 2021 (the “Plc Annual Report and Accounts”), which does not form part of this report.

PRINCIPAL ACTIVITY

The principal activity of the Company is that of a holding company following the transfer of business to Sage Global Services Limited, effective on the 27 May 2021.

DIVIDENDS

The loss for the period, after taxation, amounted to £1,240,288 (2020 - loss of £928,658). No dividends were declared and paid during the period (2020: nil).

COVID-19

Since January 2020, the Covid-19 pandemic has brought and will continue to bring significant change to the global economic, social, political and business landscape. In response, the Directors of The Sage Group plc have continually reviewed the actual, emerging and potential impacts of the pandemic on the principal risks to identify any new risks or changes to existing risks and opportunities that may have arisen, with a specific lens on what could change the risk profile materially.

Throughout 2021, Sage’s Covid-19 Task Force supported Sage’s recovery approach, ensuring that colleagues, customers, and partners were being appropriately supported through the available resources and expertise that Sage has at hand. During the latter part of the year, the focus shifted to assisting colleagues with a safe return to an office environment.

GOING CONCERN

The Directors have robustly tested the going concern assumption in preparing the financial statements ensuring that the Company can continue to pay its liabilities as they fall due. This included reviewing the Company’s cash position, net current asset position and obligations under debt arrangements with other Sage Group companies.

Based on the above, and given the entity will no longer be trading, the Directors remain satisfied that the Company has adequate resources to continue its operations for at least 12 months from the date of signing these financial statements.

SUBSEQUENT EVENTS

There have been no significant subsequent events identified at the date of this report which would impact the Company.

HR BAKERY LTD
REPORT OF THE DIRECTORS (continued)
FOR THE YEAR ENDED TO 30 SEPTEMBER 2021

DIRECTORS

The Directors shown below have held office during the whole of the year to 30 September 2021 up to the date of this report, unless otherwise indicated.

N Erts

VL Bradin

K Upmanis (resigned 8 April 2022)

J Dillon (resigned 19 November 2021)

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

STRATEGIC REPORT

This report has been prepared in accordance with the special provision relating to small companies within Part 15 of the Companies Act 2006. The Company is therefore exempt from the requirement to prepare a Strategic report.

AUDITORS

Ernst & Young LLP were appointed as auditor for the Company for the 2021 financial year.

ON BEHALF OF THE BOARD:

DocuSigned by:

Norberts Erts

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Director

Date: 19 July 2022

HR BAKERY LTD
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED TO 30 SEPTEMBER 2021

The Directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Auditing Standards have been followed, subject to any material departures
- 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
HR BAKERY LTD

Qualified Opinion

We have audited the financial statements of HR Bakery Ltd (the 'company') for the year ended 30 September 2021 which comprise , the Balance Sheet, the Statement of comprehensive income, the Statement of changes in equity and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

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 company's affairs as at 30 September and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

We did not express an opinion on the financial statements of the company for the year ended 31 December 2019 due to lack of supporting evidence for cost of sales and administrative expenses and we expressed a qualified opinion on the financial statements of the company for the year ended 30 September 2020 due to lack of supporting evidence for £49,343 administrative expenses (total administrative expenses of £835,480) incurred and the potential corporate tax impact. We were unable to satisfy ourselves by alternative means. Although payments could be vouched to bank statements, it could not be ascertained as to whether the expenses were business related or whether they had been recorded in the correct accounting period or correctly classified.

Since opening balances can impact the current year results and cashflows, we are unable to determine whether the adjustments to the current year results and cashflows might be necessary arising from the limitation.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the comparability of the current periods financial figures and the corresponding figures. We have concluded that where the other information refers to the corresponding figures, it may be materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

Except for the possible effects of the matters described in the basis for qualified audit opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

Except for the possible effects of the matters described in the basis for qualified audit opinion section of our report, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

Arising solely from the limitation of our work referred to above:

- We have not obtained all the information and explanations that we considered necessary for the purpose of the audit; and
- We were unable to determine whether adequate accounting records have been kept

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:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and Companies Act 2006), the relevant direct and indirect tax compliance regulation in the jurisdictions in which the group operates and the EU General Data Protection Regulation (GDPR). In addition, the Company has to comply with laws and regulations relating to its domestic and overseas operations, including health and safety, relevant employee law matters, data protection and anti-bribery and corruption
- We understood how HR Bakery Ltd is complying with those frameworks by making inquiries of management and those responsible for legal and compliance procedures to understand how the Company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation such as the Code of Conduct
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, performance targets and their influence on efforts made by management to manage revenue and earnings. We performed audit procedures to address each identified fraud risk, including testing manual journals which were designed to provide reasonable assurance that the financial statements were free from material misstatement, whether due to fraud or error. We tested specific transactions back to source documentation or independent confirmations as appropriate.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved reading minutes from the Board of Directors, enquiries of management and journal entry testing, with a focus on manual journals and journals indicating significant unusual transactions identified by specific risk criteria based on our knowledge of the business

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

Ernst & Young LLP

Andrew Davison (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date: 19 July 2022

HR BAKERY LTD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED TO 30 SEPTEMBER 2021


		Year ended 30.9.21 £	Period 1.1.20 to 30.09.20 £
	Notes		
TURNOVER		1,096,395	690,917
Cost of sales		<u>(453,221)</u>	<u>(784,084)</u>
GROSS PROFIT/(LOSS)		643,174	(93,167)
Administrative expenses		<u>(1,883,462)</u>	<u>(835,480)</u>
OPERATING LOSS	3	(1,240,288)	(928,647)
Interest payable and similar expenses	5	_____ -	_____ (11)
LOSS BEFORE TAXATION	6	(1,240,288)	(928,658)
Tax on loss	7	_____ -	_____ -
LOSS FOR THE FINANCIAL YEAR		<u><u>(1,240,288)</u></u>	<u><u>(928,658)</u></u>

The notes on pages 11 to 18 form part of these financial statements

HR BAKERY LTD
BALANCE SHEET 30 SEPTEMBER 2021

	Notes	30.9.21 £	30.09.20 £
FIXED ASSETS			
Tangible assets	8	-	-
Investments	9	<u>2,486</u>	<u>2,486</u>
		2,486	2,486
CURRENT ASSETS			
Debtors	10	7,414,926	32,752
Cash and cash equivalent		<u>311,412</u>	<u>196,537</u>
		7,726,338	229,289
CREDITORS			
Amounts falling due within one year	11	<u>-</u>	<u>(912,563)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>7,726,338</u>	<u>(683,274)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,728,824	(680,788)
CREDITORS			
Amounts falling due after more than one year	12	<u>(8,243)</u>	<u>(574,652)</u>
NET ASSETS/(LIABILITIES)		<u>7,720,581</u>	<u>(1,255,440)</u>
CAPITAL AND RESERVES			
Called up share capital	14	103	103
Share premium	15	12,500	12,500
Other reserves	15	10,216,309	-
Retained earnings	15	<u>(2,508,331)</u>	<u>(1,268,043)</u>
SHAREHOLDERS' FUNDS		<u>7,720,581</u>	<u>(1,255,440)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 19/7/2022 and were signed on its behalf by:

DocuSigned by:


 Director

Date: 19 July 2022

HR BAKERY LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED TO 30 SEPTEMBER 2021

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
Balance at 1 January 2020	103	(339,385)	12,500	-	(326,782)
Changes in equity					
Total comprehensive income	-	(928,658)	-	-	(928,658)
Balance at 30 September 2020	103	(1,268,043)	12,500	-	(1,255,440)
Changes in equity					
Total comprehensive expense	-	(1,240,288)	-		(1,240,288)
Transfer of business	-	-	-	10,216,309	10,216,309
Balance at 30 September 2021	103	(2,508,331)	12,500	10,216,309	7,720,581

HR BAKERY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED TO 30 SEPTEMBER 2021

1. STATUTORY INFORMATION

HR Bakery Ltd (the "Company") is a private company, limited by shares, registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparation

2.1 Basis of preparation of financial statements

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the UK Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Accounting Standards in conformity with the requirements of the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, The Sage Group plc, includes the Company in its consolidated financial statements. The consolidated financial statements of The Sage Group plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the address given in note 18.

The financial statements have been prepared on the historical cost basis. All amounts are presented in Great British Pounds (GBP) and are round to the nearest (£).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The financial statements are prepared on a going concern basis and in accordance with the Companies Act 2006.

The Directors have robustly tested the going concern assumption in preparing the financial statements ensuring that the Company can continue to pay its liabilities as they fall due. This included reviewing the Company's cash position, net current asset position and obligations under debt arrangements with other Sage Group companies.

Based on the above, and given the entity will no longer be trading, the Directors remain satisfied that the Company has adequate resources to continue its operations for at least 12 months from the date of signing these financial statements.

2.2 Financial reporting standard 101 - reduced disclosure exemptions

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes, as required by IAS 7 Statement of cash flows;
- Disclosures in respect of transactions with wholly owned subsidiaries, as required by IAS 24 Related party disclosures;

HR BAKERY LTD
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED TO 30 SEPTEMBER 2021

2. ACCOUNTING POLICIES (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions (continued)

- Disclosures in respect of capital management, as required by paragraphs 134 to 136 of IAS 1 Presentation of financial statements;
- The effects of new but not yet effective IFRSs, as required by paragraphs 30 and 31 of IAS 8 Accounting policies, changes in accounting estimates and errors;
- Disclosures in respect of the compensation of Key Management Personnel, as required by paragraph 17 of IAS 24 Related party disclosures; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company, as required by paragraph 17 and 18A of IAS 24 Related party disclosures.

As the consolidated financial statements of The Sage Group plc. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by paragraphs 91 to 99 of IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

2.3 Foreign currency translation

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are converted into sterling at the rate prevailing at the dates of the transactions. All differences on exchange are taken to the income statement.

2.4 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.5 Finance costs

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

2.6 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received or receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Identification of performance obligations

When the Company enters into an agreement with a customer, goods and services deliverable under the contract are identified as separate performance obligations ("obligations") to the extent that the customer can benefit from the goods or services on their own and that the separate goods and services are considered distinct from other goods and services in the agreement. Where individual goods and services do not meet the criteria to be identified as separate obligations they are aggregated with other goods and/or services in the agreement until a separate obligation is identified.

Determination of transaction price and standalone selling prices

HR Bakery determines the transaction price it is entitled to in return for providing the promised obligations to the customer based on the committed contractual amounts, net of sales taxes and discounts. Contract terms generally are monthly or annual and customers either pay up-front or over the term of the related service agreement. The transaction price is allocated between the identified obligations according to the relative standalone selling prices (SSPs) of the obligations. The SSP of each obligation deliverable in the contract is determined according to the prices that the Company would obtain by selling the same goods and/or services included in the obligation to a similar customer on a standalone basis.

HR BAKERY LTD
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED TO 30 SEPTEMBER 2021

2. ACCOUNTING POLICIES (continued)

2.6 Revenue (continued)

Timing of recognition

Revenue is recognised when the respective obligations in the contract are delivered to the customer and payment remains probable. Licences for standard software products are typically delivered by providing the customer with access to the software. The licence period starts when such access is granted. Licence revenue is recognised at a point in time or over time depending on whether the Company delivers software with significant standalone functionality or software which is dependent on updates for ongoing functionality. The Company recognises revenue for these licenses which have significant standalone functionality at the point in time when the customer has access to and thus control over the software. For licences which are dependent on updates for ongoing functionality the Company recognises revenue based on time elapsed and thus rateably over the term of the contract. Typically, this includes our payroll and tax compliance software.

Where the performance obligation is the grant of a right to continuously access a cloud offering or a certain term, revenue is recognised based on time elapsed and thus rateably over the term.

Principal versus agent considerations

When the Company has control of third-party goods or services prior to delivery to a customer, then the Company is the principal in the sale to the customer. As a principal, receipts from customers and payments to suppliers are reported on a gross basis in revenue and cost of sales. If the Company does not have control of third-party goods or services prior to transfer to a customer, then the Company is acting as an agent for the other party and revenue in respect of the relevant obligations is recognised net of any related payments to the supplier and reported revenue represents the margin earned by the Company. Whether the Company is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Company and its supplier. This takes into account whether Sage bears the price, inventory and performance risks associated with the transaction.

Practical expedients

As the majority of contracts have a term of one year or less, any financing component is not considered when determining the transaction price.

2.7 Investments

Fixed asset investments are stated at cost less provision for any diminution in value. Any impairment is charged to the profit and loss account as it arises.

2.8 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

2.9 Trade and other payables

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

2.10 Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

HR BAKERY LTD
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED TO 30 SEPTEMBER 2021

2. ACCOUNTING POLICIES (continued)

2.10 Financial instruments

Financial assets are recognised (i.e., removed from the Company's balance sheet) when the rights to receive cash flows from the asset have expired; or when the Company has transferred those rights and either has also transferred substantially all the risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset but no longer has control of the asset.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires. Financial assets and financial liabilities are initially measured at fair value.

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

2.11 Equity

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.

2.12 Tangible fixed assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment is provided on a straight-line basis to write down an asset to its residual value over its useful life as follows:

Furniture, Fixtures & Fittings - 10 years

Computer Equipment - 3 years

An item of property, plant and equipment is reviewed for impairment whenever events indicate that its carrying value may not be recoverable.

2.13 Taxation

The taxation credit for the year represents the sum of current tax receivable and deferred tax. The credit is recognised in the income statement and statement of comprehensive income according to the accounting treatment of the related transaction. Current tax receivable is based on the taxable income for the period and any adjustment in respect of prior periods. Current tax is measured at the amount expected to be recovered from or paid to the taxation authorities, calculated using tax rates that have been enacted at the end of the reporting period. The Company and its fellow group undertakings are able to relieve their tax losses by surrendering them to other group companies, within the UK corporation tax group, where capacity to utilise these losses exists.

2.14 Employee benefit costs

The Company operates a defined contribution pension scheme. Contributions payable to the Company's pension scheme are charged to the income statement in the period to which they relate.

2.15 Prior period restatement

The comparative figure in Note 4 (Employees and Directors) in respect of the aggregate of directors' emoluments was restated from £0 to £185,793 to reflect the correct amount of aggregate remuneration in respect of qualifying services.

3. OPERATING LOSS

The operating profit is stated after charging:

	Year Ended 30.9.21 £	Period 1.1.20 to 30.09.20 £
Depreciation of property, plant and equipment	<u>-</u>	<u>2,246</u>

HR BAKERY LTD
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED TO 30 SEPTEMBER 2021

4. EMPLOYEES AND DIRECTORS

	Year Ended 30.9.21 £	Period 1.1.20 to 30.09.20 £
Wages and salaries	<u>1,824,796</u>	<u>774,718</u>
	<u><u>1,824,796</u></u>	<u><u>774,718</u></u>

The average number of employees during the period was as follows:

	Year Ended 30.9.21	Period 1.1.20 to 30.09.20
All staff	—	—
	<u>—</u>	<u>—</u>

	Year Ended 30.9.21 £	Period 1.1.20 to 30.09.20 Restated £
Directors remuneration		
Aggregate remuneration in respect of qualifying services.	<u>332,270</u>	<u>185,793</u>

In the preparation of Financial Statements, the Company identified the prior period aggregate remuneration in respect of qualifying services was incorrectly stated. Refer to Note 2 for further details of this restatement.

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year Ended 30.9.21 £	Period 1.1.20 to 30.09.20 £
Late penalty fines	—	11
	<u>—</u>	<u>11</u>

6. LOSS BEFORE TAXATION

Auditors' remuneration is borne by the ultimate parent company, The Sage Group plc, for the period.

HR BAKERY LTD
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED TO 30 SEPTEMBER 2021

7. TAXATION

Analysis of tax expense

	Year Ended 30.9.21 £	Period 1.1.20 to 30.09.20 £
Current tax:		
Tax charge	-	-
	<u> </u>	<u> </u>
Total tax expense in statement of comprehensive income	<u> </u>	<u> </u>

Factors affecting the tax expense

The tax assessed for the period is the same as (2020 - lower) the standard rate of corporation tax in the UK. The difference is explained below:

	Year Ended 30.9.21 £	Period 1.1.20 to 30.09.20 £
Loss before income tax	(1,240,288)	(928,658)
	<u> </u>	<u> </u>
Loss multiplied by the standard rate of corporation tax in the UK of 19%	(235,655)	(176,445)
Effects of:		
Prior year adjustment	-	-
Group relief surrendered	235,655	175,866
Permanent differences	-	579
Directors loan charge	-	-
Losses not recognised	<u> </u>	<u> </u>
Tax credit	-	-

The standard rate of UK corporation tax is 19% and this took effect from 1 April 2017. The main UK corporation tax rate will increase from 19% to 25% from 1 April 2023. The impact of the UK rate change to the current year financial statements is insignificant.

8. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 October 2020 and 30 September 2021	<u>1,108</u>	<u>2,816</u>	<u>3,924</u>
DEPRECIATION			
At 1 October 2020 and 30 September 2021	<u>1,108</u>	<u>2,816</u>	<u>3,924</u>
NET BOOK VALUE			
At 30 September 2021	<u> </u>	<u> </u>	<u> </u>
At 30 September 2020	<u> </u>	<u> </u>	<u> </u>

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9. INVESTMENTS

	Unlisted investments £
COST	
At 1 October 2020 and 30 September 2021	<u>2,486</u>
NET BOOK VALUE	
At 30 September 2021	<u>2,486</u>
At 31 December 2020	<u>2,486</u>

Investment in wholly owned subsidiary CakeHR SIA.

The subsidiary's registered address is Brivibas iela 40-27, Riga, LV-1050, Latvia.

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.09.21 £	30.09.20 £
Amounts owed by subsidiary undertakings	7,412,577	11,257
Directors' current accounts	2,349	2,349
Prepayments and accrued income	<u>-</u>	<u>19,146</u>
	<u>7,414,926</u>	<u>32,752</u>

Amounts owed by subsidiary undertakings are unsecured, non interest bearing and repayable on demand.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.09.21 £	30.09.20 £
Trade creditors	-	49,806
Amounts owed to other group companies	-	238,840
Tax	-	774
VAT	-	6,398
Deferred income	-	286,249
Accrued expenses	<u>-</u>	<u>330,496</u>
	<u>-</u>	<u>912,563</u>

Amounts owed to other group Companies are unsecured, non interest bearing and repayable on demand.

12. CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

	30.09.21	30.09.20
Intercompany payable	8,244	8,244
Accrued expenses	<u>-</u>	<u>566,408</u>
	<u>8,244</u>	<u>574,652</u>

Intercompany payables are unsecured, non interest bearing and repayable on demand. Accrued expenses relate to staff bonus retention payments due at the period end.

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13. FINANCIAL INSTRUMENTS

As the consolidated financial statements of The Sage Group plc include the equivalent disclosures, the Company has taken the exemptions under FRS 101 available in respect of certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The disclosures below cover statutory balances in relation to amounts owed by / to group undertakings that are not covered in The Sage Group plc consolidated financial statements.

Fair value measurement of financial assets and financial liabilities.

Amounts owed by group undertakings and amounts owed to group undertakings are initially measured at fair value and are subsequently measured at amortised cost. The Directors of the Company consider that the carry amounts of the financial assets and financial liabilities recognised in the financial statements approximate their fair values.

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.09.21	30.09.20
			£	£
10,257	ORDINARY	1p	<u>103</u>	<u>103</u>

15. RESERVES

	Retained earnings £	Share premium £	Other reserves £	Totals £
At 1 October 2020	(1,268,043)	12,500	-	(1,255,543)
Deficit for the year	(1,240,288)			(1,240,288)
Transfer of business	<u>-</u>	<u>-</u>	<u>10,216,309</u>	<u>10,216,309</u>
At 30 September 2021	<u>(2,508,331)</u>	<u>12,500</u>	<u>10,216,309</u>	<u>7,720,478</u>

The addition to other reserves relates to the transfer of the business to Sage Global Services Limited which was approved on the 27 May 2021.

16. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The Company's immediate parent undertaking is Sage Holding Company Limited, a company registered in England and Wales.

The ultimate parent undertaking and controlling party is The Sage Group plc, a company registered in England and Wales. The Sage Group plc is the largest and smallest group to consolidate these financial statements. Copies of the group financial statements can be obtained from the registered office at The Sage Group plc C23 – 5&6 Cobalt Park Way, Cobalt Park, Newcastle Upon Tyne, NE28 9EJ.

17. SUBSEQUENT EVENTS

There have been no significant subsequent events identified at the date of this report which would impact the Company.