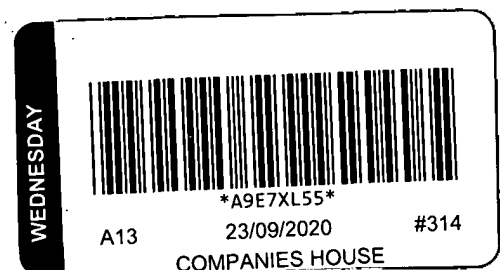


Registered number: 03855467

SOHO COFFEE SHOPS LIMITED

**FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JANUARY 2020**



SOHO COFFEE SHOPS LIMITED

COMPANY INFORMATION

Directors

C C J Copner
P J Manuel
A T L Woodruff
I A Malik

Registered number

03855467

Registered office

Unit K Ashville Trading Estate
The Runnings
Cheltenham
Gloucestershire
GL51 9PT

Independent auditors

Randall & Payne LLP
Chartered Accountants and Registered Auditor
Chargrove House
Shurdington Road
Cheltenham
Gloucestershire
GL51 4GA

SOHO COFFEE SHOPS LIMITED

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SOHO COFFEE SHOPS LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 26 JANUARY 2020

The directors present their strategic report for the year ended 26 January 2020.

Review of business

Soho Coffee Shops Limited ("SCSL", the "Company") is a principal trading company in the BTC Hospitality group of companies ("BTC Hospitality"). BTC Hospitality was established in 2016 following the two corporate acquisitions of Apostrophe Restaurants Limited ("ARL") and Euphorium Bakery Company Limited ("EBCL"), to sit alongside SCSL under the renamed holding company, BTC Hospitality Investments Limited.

SCSL currently has a managed store portfolio of 25 SOHO Coffee Co. branded coffee shops across the UK, including 13 in London, and a complementary franchise business with branded stores in the UK, continental Europe and the Middle East addressing the transport and leisure markets. The Company also operates a central production unit, development kitchen, warehouse and distribution operation at its base of operations in Cheltenham.

BTC Hospitality's ultimate owner is Business Trading Company W.L.L. ("BTC WLL"), incorporated in Qatar. BTC WLL is a major retail, hospitality and property organisation with operations across the Middle East, and with approximately \$1 billion assets under management. BTC WLL is committed to significant further investment in the UK market, and continues to fund an ambitious UK investment program.

Principal risks and uncertainties

This section describes some of the risks that could affect the Company's business activities. Not all potential risks are listed but those that, in the opinion of the board, could have a material impact on revenues, profits, net assets and financial resources.

Coronavirus pandemic

While the Coronavirus pandemic (the "pandemic") and mitigating lockdown of the UK economy came into effect after the 31 January year-end date of SCSL, the directors are obliged to comment on the ongoing and expected future impact of the pandemic on the business as of the date of this Strategic Report.

In accordance with UK government directives, SCSL closed all of its stores to the general public on Sunday 22 March 2020, as well as its central production unit and office facilities. Since that date, the senior management team has been proactively engaged with stakeholders across the business, including staff, landlords, suppliers, customers, government and shareholders, in order to mitigate and manage the financial impact on the business, and provide necessary communication updates. During the lockdown period, SCSL has used all possible means to protect cash flow, including application to the UK government furlough scheme, the VAT and business rates deferral mechanisms, and rent cost mitigation arrangements.

On Monday 18 May, SCSL re-opened its first test store to the public for takeaway services only, observing all government health and safety guidelines with regard to the pandemic. As at the date of this report, SCSL now has more than half its portfolio partially reopened, and is positioned to ramp activity back up gradually across the whole portfolio, in line with the government's policy on lockdown easing.

While the long term impacts of the pandemic remain unknown and unknowable to all parts of public life and the economy, in accordance with government communications, and in line, it is understood, with current thinking across the UK hospitality sector, the directors have conducted business planning exercises on the basis of a 3 to 6 month disruption period (including the full shut-down during March and April), followed by a gradual but appreciable return to pre-pandemic levels of trade as the retail sector moves into 2021. On this basis, while financial performance in calendar year 2020 will clearly be materially impacted by the pandemic, we currently see no basis to estimate and/or record potential fixed asset impairments as at the 26 January 2020 accounting date. The directors, in consultation with SCSL's auditors and majority shareholders, will continue to monitor this situation closely over the coming year, and based on the evidence of business recovery in the second half of 2020 and early 2021, potential impairment reviews will be considered at the appropriate time in future.

SOHO COFFEE SHOPS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 26 JANUARY 2020

While there is, therefore, substantial uncertainty over the pandemic recovery profile of the SCSL business with regard to the timing of reopening of stores and the recovery of customer volume, the directors consider the solvency and liquidity risks associated with the current loss-making position to be fully mitigated by the ongoing financial support of Business Trading Company W.L.L.

Brexit

In addition to general economic uncertainty over future levels of consumer demand and supply side issues, discussed further below, the long term impact on SCSL of the Brexit process and the UK's withdrawal from the European Union, is currently unclear. In particular, there is uncertainty over the extent to which purchasing and import costs may increase as a result of Brexit; and the long term implications for the labour market, particularly in London. The impact of Brexit on the value of Sterling in particular, could affect many of the above factors negatively or positively, and also have a bearing on future interest rate policy of the Bank of England.

Market and economic risks

SCSL operates in the UK food and beverage retail market and in addition to the topical challenges of the pandemic and Brexit, is subject to the full range of market and economic risks and uncertainties, including specific risks associated with underlying consumer spending trends and cycles. In particular, the Directors note the following market risks and uncertainties relevant to the Company.

Labour cost pressures and the regulatory burden of the UK market continue to build. Notable examples of increasing costs include continuing increases to the National Living Wage, auto-enrolment pension contributions, and the Apprenticeship Levy.

The high level of overall competition for customers, staff and property opportunities in the UK food and beverage market. In particular, securing new, and extending existing property lease agreements on acceptable commercial terms in key for the business to continue to grow and be profitable in the future.

The company is fully funded by a series of shareholders loans and has no external third party financial debt.

Development and performance

SCSL, trading as SOHO Coffee Co., increased its portfolio of managed stores from 24 a year ago to 25 currently, with three new openings at Wigmore Street (London), a second unit at Birmingham Bullring, and the rebranding of the City of London Euphorium unit as SOHO Coffee Co. Offsetting the three new openings were the two store closures of Merry Hill and Wilmslow.

All further business development activity, including transformational growth of the SCSL franchise business, is currently on hold during lockdown pending resolution of the pandemic and return to business as usual activity.

Financial key performance indicators

The statement of comprehensive income is set out on page 12 and shows the loss for the period of £3,579,484 (period ending 27 January 2019 - loss £2,543,625). Of the total loss for the year, approximately £0.6 million (2019: £0.5 million) is attributable to net interest accrued in the year on shareholder loans, approximately £1.1 million (2019: £0.8 million) to depreciation, and approximately £0.6m to the accounting impact of adopting IFRS 16 (leases) in the year.

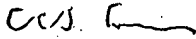
Revenue from continuing operations for the period was £11,488,055 (period ending 27 January 2019 - £10,176,489). Revenue growth in the year was driven by the addition of the three new stores, combined with like-for-like sales growth at many existing SOHO Coffee Co. operated sites. Overall sales growth was partially offset by a decrease in franchise revenue streams, itself driven to a large extent by temporary refurbishment closures of certain franchise stores.

SOHO COFFEE SHOPS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 26 JANUARY 2020**

Whilst trading conditions remain challenging, BTC WLL views this as largely cyclical and remains fully committed to supporting the SOHO Coffee Co. brand, which continues to invest in infrastructure, property, product and people to drive future growth and profitability.

This report was approved by the board on 21 September 2020 and signed on its behalf.



C C J Copner
Director

SOHO COFFEE SHOPS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 26 JANUARY 2020

The directors present their report and the financial statements for the period ended 26 January 2020.

Directors

The directors who served during the period were:

C C J Copner
P J Manuel
A T L Woodruff
I A Malik

Results and dividends

The loss for the period, after taxation, amounted to £3,579,485 (2019 - loss £2,543,624).

No dividends will be distributed for the period ended 26 January 2020.

Future developments

While all business development is currently on hold during the lockdown pending resolution of the pandemic and return to business as usual activity, when conditions allow it the directors intend to continue with investment in new SOHO Coffee Co. stores through origination of new operated site opportunities, and further development of franchise operations in the UK and abroad.

More generally, the directors continue to monitor all opportunities to develop and grow the company, including further potential corporate transactions.

Research and development

SCSL has food innovation and product development resource based at the CPU in Cheltenham. The directors seek continually to refresh and update the menu and product offering in stores, and has a dedicated product development team, based in Cheltenham, to drive this objective.

Equal opportunities

SCSL is committed to employment policies, procedures and practices that do not discriminate unfairly or unlawfully against anyone, and which promote equality of opportunities for all.

BTC Hospitality's commitments are as follows:

- Selecting and interviewing all applicants who meet the minimum criteria for a job vacancy and consider them on their ability to do the job.
- Providing equal opportunities and positive encouragement to disabled employees for training, career development and promotion. Use BTC Hospitality's performance management process to encourage discussion and help them develop and use their abilities at work.
- Consulting disabled employees regularly and support newly disabled employees with the appropriate rehabilitation, training and adaptation of working practices and premises.
- Making reasonable adjustments to adapt premises, modify equipment, and provide special aides and re-design jobs. This means looking at every possibility within the terms of reasonable adjustments, from being creative in re-designing the job, asking for special help from various supporting organisations and being able to apply for grants if needed.
- Making every effort to ensure that employees stay with us if they become disabled.
- Reviewing our commitments annually to see what has been achieved and how they can be improved.

SOHO COFFEE SHOPS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 26 JANUARY 2020

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Disclosure of information to auditors

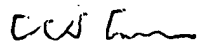
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

Auditors

The auditors, Randall & Payne LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 21 September 2020 and signed on its behalf.



C C J Copner
Director

SOHO COFFEE SHOPS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOHO COFFEE SHOPS LIMITED

Opinion

We have audited the financial statements of Soho Coffee Shops Limited for the period ended 26 January 2020 which comprise the Statement of Profit or Loss, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies set out on pages 16 - 18. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 26 January 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Basis for opinion

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

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the Annual Report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the Annual Report that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation in the Annual Report that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; or
- the directors' explanation in the annual report as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

SOHO COFFEE SHOPS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOHO COFFEE SHOPS LIMITED

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 7, 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.

SOHO COFFEE SHOPS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOHO COFFEE SHOPS LIMITED

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



Chris Baldwin ACA

for and on behalf of
Randall & Payne LLP
Chartered Accountants and Registered Auditor
Chargrove House
Shurdington Road
Cheltenham
Gloucestershire
GL51 4GA

Date: 21 September 2020

SOHO COFFEE SHOPS LIMITED

**STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 26 JANUARY 2020**

	Note	2020 £	2019 £
Revenue		11,488,055	10,176,489
Cost of sales		(2,790,763)	(2,533,259)
Gross profit		8,697,292	7,643,230
Other operating income		1,200	13,583
Administrative expenses		(10,841,213)	(9,730,149)
Loss from operations	7	(2,142,721)	(2,073,336)
Finance income	6	122,676	117,748
Finance expense	6	(1,559,439)	(588,037)
Loss before tax		(3,579,484)	(2,543,625)
Loss for the period		<u>(3,579,484)</u>	<u>(2,543,625)</u>

SOHO COFFEE SHOPS LIMITED

**STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 26 JANUARY 2020**

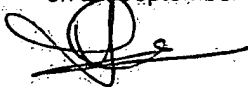
	2020	2019
	£	£
Loss for the period	(3,579,484)	(2,543,625)
Total comprehensive income	<u>(3,579,484)</u>	<u>(2,543,625)</u>

SOHO COFFEE SHOPS LIMITED
REGISTERED NUMBER: 03855467

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 26 JANUARY 2020

	Note	26 January 2020 £	27 January 2019 £
Assets			
Non-current assets			
Property, plant and equipment	9	23,825,602	6,350,527
Trade and other receivables	11	2,576,091	2,335,780
		<u>26,401,693</u>	<u>8,686,307</u>
Current assets			
Inventories	10	135,275	101,739
Trade and other receivables	11	2,036,574	1,350,136
Cash and cash equivalents	12	352,101	230,249
		<u>2,523,950</u>	<u>1,682,124</u>
Total assets		<u>28,925,643</u>	<u>10,368,431</u>
Liabilities			
Non-current liabilities			
Trade and other liabilities	15	16,593,106	13,548,767
Loans and borrowings	16	17,118,806	22,643
		<u>33,711,912</u>	<u>13,571,410</u>
Current liabilities			
Trade and other liabilities	15	3,871,073	1,860,609
Loans and borrowings	16	20,888	35,157
		<u>3,891,961</u>	<u>1,895,766</u>
Total liabilities		<u>37,603,873</u>	<u>15,467,176</u>
Net liabilities		<u>(8,678,230)</u>	<u>(5,098,745)</u>
Issued capital and reserves			
Share capital	13	204	204
Share premium reserve	14	93,299	93,299
Retained earnings	14	(8,771,733)	(5,192,248)
TOTAL EQUITY		<u>(8,678,230)</u>	<u>(5,098,745)</u>

The financial statements on pages 11 to 28 were approved and authorised for issue by the board of directors on 21 September 2020 and were signed on its behalf by:



I A Malik
Director

SOHO COFFEE SHOPS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 26 JANUARY 2020**

	Share capital	Share premium	Retained earnings	Total equity
	£	£	£	£
At 29 January 2018	204	93,299	(2,648,624)	(2,555,120)
Comprehensive income for the period				
Loss for the period			(2,543,625)	(2,543,625)
Total comprehensive income for the period			(2,543,625)	(2,543,625)
Contributions by and distributions to owners				
At 27 January 2019	204	93,299	(5,192,249)	(5,098,745)
Comprehensive income for the period				
Loss for the period			(3,579,484)	(3,579,484)
Total comprehensive income for the period			(3,579,484)	(3,579,484)
Contributions by and distributions to owners				
At 26 January 2020	204	93,299	(8,771,733)	(8,678,230)

The notes on pages 16 to 28 form part of these financial statements.

SOHO COFFEE SHOPS LIMITED

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 26 JANUARY 2020

	26 January 2020 £	27 January 2019 £
Cash flows from operating activities		
Loss for the period	(3,579,484)	(2,543,624)
Adjustments for		
Depreciation of property, plant and equipment	2,826,977	841,198
Finance expense	1,436,763	470,288
Interest element of HP payments paid	(3,555)	(4,330)
Profit on disposal of fixed assets	-	5,544
	<u>680,701</u>	<u>(1,230,924)</u>
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(804,072)	619,663
Increase in inventories	(33,535)	(22,590)
(Decrease)/increase in trade and other payables	(239,940)	268,664
Cash generated from operations	<u>(396,846)</u>	<u>(365,187)</u>
Income taxes paid	6,147	(1,973)
Net cash used in operating activities	<u>(390,699)</u>	<u>(367,160)</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(1,996,791)	(1,867,610)
Sale of tangible fixed assets	-	13,585
Net cash used in investing activities	<u>(1,996,791)</u>	<u>(1,854,025)</u>
Cash flows from financing activities		
New loans received in year	2,544,500	1,986,436
Capital repayments in year	(35,158)	-
Net cash from financing activities	<u>2,509,342</u>	<u>1,986,436</u>
Net cash increase/(decrease) in cash and cash equivalents	<u>121,852</u>	<u>(234,749)</u>
Cash and cash equivalents at the beginning of period	230,249	464,998
Cash and cash equivalents at the end of the period	<u><u>352,101</u></u>	<u><u>230,249</u></u>

SOHO COFFEE SHOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 JANUARY 2020

1. Statutory information

Soho Coffee Shops Limited 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. Functional and presentation currency

These financial statements are presented in pound sterling, which is the Company's functional currency. All amounts have been rounded to the nearest pound, unless otherwise indicated.

3. Accounting policies

3.1 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectation of future events. Future events may differ from those estimates and judgements.

3.2 Revenue recognition

Turnover represents the sale of goods net of VAT. Revenue is recognised upon receipt of payment.

3.3 Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the statement of financial position. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the income statement over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease.

3.4 Employee benefits

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.

3.5 Going concern

No material uncertainties that may cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors.

3.6 Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Income tax expense represents the sum of the tax currently payable and deferred tax.

SOHO COFFEE SHOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 JANUARY 2020

3. Accounting policies (continued)

3.7 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Short-term leasehold property	20% on cost, 10% on cost and over the remaining life of the lease
Plant and machinery	20% on cost, 15% on cost and straight line over 10 years
Motor vehicles	25% on cost
Fixtures and fittings	20% on cost, 15% on cost and 10% on cost
Computer equipment	33.3% on cost

3.8 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

4. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

4.1 Changes in accounting policies

The company has adopted the IFRS16 accounting standard in the year. There have been no other changes to the company's accounting policies during the year. The directors are also not aware of any standards or interpretations issued by the IASB but not yet applicable, that will have a significant impact on the financial statements when they are applied.

IFRS 16

The date of initial application of IFRS 16 for the Company is 28 January 2019.

There are no prior year adjustments required to be made to the Company's financial statements as a result of the application of IFRS 16.

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 28 January 2019.

SOHO COFFEE SHOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 JANUARY 2020

4.1 Changes in accounting policies (continued)

On transition to IFRS 16, the Company elected to apply the following practical expedients:

- for leases previously classified as operating leases under IAS 17
- the Company has applied a single discount rate to a portfolio of leases with similar characteristics.
- the Company has applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of remaining lease term at the date of application.
- the Company has excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- the Company has used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 28 January 2019 are determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

5. Employee benefit expenses

	2020 £	2019 £
Wages and salaries	4,987,352	4,355,197
Defined contribution pension cost	69,831	39,988
Social security contributions and similar taxes	323,602	288,732
	<u>5,380,785</u>	<u>4,683,917</u>

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

26 January 2020 £	27 January 2019 £
<u>329</u>	<u>315</u>

Directors' remuneration
Directors' pension contributions to money purchase schemes

26 January 2020 £	27 January 2019 £
112,875	106,450
<u>2,816</u>	<u>1,375</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes

26 January 2020 £	27 January 2019 £
<u>1</u>	<u>1</u>

SOHO COFFEE SHOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 JANUARY 2020

6. Finance income and expense

	2020 £	2019 £
Finance income		
Interest receivable from group companies	122,676	117,748
Total finance income	<u>122,676</u>	<u>117,748</u>
Finance expense		
Loans from group undertakings	1,555,884	583,707
Hire purchase interest payable	3,555	4,330
Total finance expense	<u>1,559,439</u>	<u>588,037</u>
Net finance expense recognised in profit or loss	<u>(1,436,763)</u>	<u>(470,289)</u>

7. Loss before income tax

	2020 £	2019 £
Cost of inventories recognised as expense	2,790,763	2,533,259
Foreign exchange differences	9,477	1,292
Operating lease expenses	73,950	1,873,854
Loss/profit on disposal of property, plant and equipment	-	5,544
Depreciation - owned assets/leased assets under IFRS16	2,794,378	807,152
Depreciation - assets on hire purchase contracts	32,600	33,616
Auditors' remuneration	<u>13,960</u>	<u>14,253</u>

SOHO COFFEE SHOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 JANUARY 2020

8. Tax expense

The company has losses available to carry forward and offset against future profits of £4,271,660 (2019: £2,946,772).

9. Property, plant and equipment

	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £
Cost or valuation					
At 29 January 2018	2,515,184	1,761,393	199,463	3,841,407	9,791
Additions	1,241,562	241,682	74,190	257,857	52,319
Disposals			(63,648)		
At 27 January 2019	3,756,746	2,003,075	210,005	4,099,264	62,110
Additions	19,639,181	284,440	117,680	187,699	73,053
At 26 January 2020	<u>23,395,927</u>	<u>2,287,515</u>	<u>327,685</u>	<u>4,286,963</u>	<u>135,163</u>
					Total £
Cost or valuation					
At 29 January 2018					8,327,238
Additions					1,867,610
Disposals					(63,648)
At 27 January 2019					10,131,200
Additions					20,302,053
At 26 January 2020					<u>30,433,253</u>

SOHO COFFEE SHOPS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JANUARY 2020**

9. Property, plant and equipment (continued)

	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £
Accumulated depreciation and impairment					
At 29 January 2018	491,624	1,108,381	91,056	1,287,881	5,052
Charge owned for the period	372,686	205,498	36,044	223,708	3,263
Disposals			(44,520)		
At 27 January 2019	864,310	1,313,879	82,580	1,511,589	8,315
Charge owned for the period	504,759	233,597	38,428	244,421	32,613
Charged financed for the period	1,773,160				
At 26 January 2020	<u>3,142,229</u>	<u>1,547,476</u>	<u>121,008</u>	<u>1,756,010</u>	<u>40,928</u>
Net book value					
At 27 January 2019	2,892,436	689,196	127,425	2,587,675	53,795
At 26 January 2020	<u>20,253,698</u>	<u>740,039</u>	<u>206,677</u>	<u>2,530,953</u>	<u>94,235</u>
					Total £
Accumulated depreciation and impairment					
At 29 January 2018					2,983,994
Charge owned for the period					841,199
Disposals					(44,520)
At 27 January 2019					3,780,673
Charge owned for the period					1,053,818
Charged financed for the period					1,773,160
At 26 January 2020					<u>6,607,651</u>
Net book value					
At 27 January 2019					6,350,527
At 26 January 2020					<u>23,825,602</u>

SOHO COFFEE SHOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 JANUARY 2020

9. Property, plant and equipment (continued)

9.1. Assets held under leases

The net book value of owned and leased assets included as "Property, plant and equipment in the Statement of Financial Position is as follows:

	26 January 2020 £
Property, plant and equipment owned	7,293,499
Right-of-use assets, excluding investment property	16,532,103
	<u>23,825,602</u>

The right-of-use assets are 26 leased stores and head office facilities in the portfolio of Soho Coffee Shops Limited.

Information about right-of-use assets is summarised below:

Net book value

	26 January 2020 £
Short leasehold property	16,532,103
	<u>16,532,103</u>

Depreciation charge for the period ended

	26 January 2020 £
Short leasehold property	1,773,160
	<u>1,773,160</u>

The net book value in respect of assets held under hire purchase contracts is as follows:

	26 January 2020 £	27 January 2019 £
Fixtures and fittings	44,745	53,676
Motor vehicles	76,219	99,887
	<u>120,964</u>	<u>153,563</u>

SOHO COFFEE SHOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 JANUARY 2020

10. Inventories

	26 January 2020 £	27 January 2019 £
Stocks	135,275	101,739
	<u>135,275</u>	<u>101,739</u>

11. Trade and other receivables

	26 January 2020 £	27 January 2019 £
Trade receivables	132,715	84,158
Trade receivables - net	132,715	84,158
Receivables from related parties	1,200,341	527,885
Loans to related parties	2,576,091	2,335,780
Total financial assets other than cash and cash equivalents classified as loans and receivables	3,909,147	2,947,823
Prepayments and accrued income	426,620	484,683
Other receivables	276,898	253,410
Total trade and other receivables	4,612,665	3,685,916
Less: current portion - trade receivables	(132,715)	(84,158)
Less: current portion - prepayments and accrued income	(426,620)	(484,683)
Less: current portion - other receivables	(276,898)	(253,410)
Less: current portion - receivables from related parties	(1,200,341)	(527,885)
Total current portion	(2,036,574)	(1,350,136)
Total non-current portion	2,576,091	2,335,780

SOHO COFFEE SHOPS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JANUARY 2020**

12. Cash and cash equivalents

	26 January 2020 £	27 January 2019 £
Cash at bank available on demand	322,712	203,884
Cash on hand	29,389	26,365
Cash and cash equivalents in the statement of financial position	352,101	230,249
Cash and cash equivalents in the statement of cash flows	352,101	230,249

13. Share capital

Authorised, issued and fully paid

	26 January 2020 Number	26 January 2020 £	27 January 2019 Number	27 January 2019 £
Shares treated as equity				
Ordinary A shares of £1.00 each	61	61	61	61
Ordinary B shares of £1.00 each	43	43	43	43
Ordinary C shares of £1.00 each	100	100	100	100
	204	204	204	204

Shares rank equally for voting and dividend purposes. Members will have one vote per share held.

14. Reserves

	26 January 2020 £	27 January 2019 £
Retained earnings	(8,771,733)	(5,192,248)
Share premium	93,299	93,299
	(8,678,434)	(5,098,949)

SOHO COFFEE SHOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 JANUARY 2020

15. Trade and other payables

	26 January 2020 £	27 January 2019 £
Trade payables	562,055	884,939
Payables to related parties	18,679,900	13,548,767
Other payables	328,295	259,434
Accruals	409,750	385,250
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	19,980,000	15,078,390
Other payables - tax and social security payments	484,179	347,471
Total trade and other payables	20,464,179	15,425,861
Less: current portion - trade payables	(562,055)	(884,939)
Less: current portion - payables to related parties	(2,086,794)	-
Less: current portion - other payables	(812,474)	(606,905)
Less: current portion - accruals	(409,750)	(385,250)
Total current portion	(3,871,073)	(1,877,094)
Total non-current position	<u>16,593,106</u>	<u>13,548,767</u>

SOHO COFFEE SHOPS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 JANUARY 2020**

16. Loans and borrowings

	26 January 2020 £	27 January 2019 £
Non-current		
Lease liabilities and hire purchase contracts	17,118,806	22,643
	17,118,806	22,643
Current		
Hire purchase contracts	20,888	35,157
	20,888	35,157
Total loans and borrowings	17,139,694	57,800
	1 year or less £	1-2 years £
Terms and debt repayment schedule		
Lease liabilities	-	17,117,051
Hire purchase contracts	20,888	1,755
	20,888	17,118,806

17. Leasing agreements

	26 January 2020 £	27 January 2019 £
Hire purchase contracts		
Within one year	20,888	35,157
Between one and five years	1,755	22,643
Net obligations repayable	22,643	57,800
	26 January 2020 £	27 January 2019 £
Non-cancellable operating leases		
Within one year	-	8,247
Between one and five years	-	1,010,434
In more than five years	-	20,171,121
	-	21,189,802

SOHO COFFEE SHOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 JANUARY 2020

18. Leases

(i) Leases as a lessee

The company's leases relate to 26 leased stores and head office facilities in the portfolio of Soho Coffee Shops Limited.

Lease liabilities are due as follows:

	26 January 2020 £
Contractual undiscounted cash flows due	
Over one year	17,117,051
	<u>17,117,051</u>
Lease liabilities included in the Statement of Financial Position at 26 January	<u>17,117,051</u>
Non-current	<u>17,117,051</u>

The directors do not consider the adoption of IFRS16 to alter the overall liquidity risk profile of the business.

The following amounts in respect of leases have been recognised in profit or loss:

	2020 £
Interest expense on lease liabilities	<u>813,365</u>

19. Ultimate parent company

The ultimate controlling party is Business Trading Company W.L.L., a company registered in Qatar. However, the immediate parent company is BTC Hospitality Investments Limited by virtue of its ownership of 100% of the issued share capital of Soho Coffee Shops Limited.

SOHO COFFEE SHOPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 JANUARY 2020

20. Related party transactions

BTC Hospitality Investments Limited

The balance owed to BTC Hospitality Investments Limited as at 26 January 2020 was £16,593,106 (2019: £13,548,767). Interest has been charged on the balance and there are no set repayment terms.

During the period the company made recharges to BTC Hospitality Investments Limited of £61,610 (2019: £61,610).

At the year end the company also had a loan balance due from BTC Hospitality Investments Limited of £Nil (2019: £Nil).

The company also had a short term debtor balance due from BTC Hospitality Investments Limited of £777,438 (2019: £777,438).

Apostrophe Restaurants Limited

The balance owing by Soho Coffee Shops Limited to Apostrophe Restaurants Limited as at 26 January 2020 was £126,821 (2019: (£576,126)). Interest has been charged on this balance, and there are no set repayment terms.

The company also had a short term debtor balance due from Apostrophe Restaurants Limited of £34,631 (2019: £34,631).

The company has also made recharges to Apostrophe Restaurants Limited of £108,140 (2019: £108,140).

Euphorium Bakery Company Limited

The balance owing to Soho Coffee Shops Limited from Euphorium Bakery Company Limited as at 26 January 2020 was £1,437,008 (2019: £1,392,659). Interest has been charged on the balance, and there are no set repayment terms.

The company also has a short term debtor balance due from Euphorium Bakery Company Limited of £252,562 (2019: £252,562).

21. Year end date

The company has taken advantage of the 'seven day rule' which allows companies to prepare accounts up to 7 days either side of the Accounting Reference Date. The company has chosen to prepare its accounts up to 26 January 2020.