Eggfree

Cake Box®

'...making celebrations a piece of cake'

ANNUAL REPORT AND ACCOUNTS

2019

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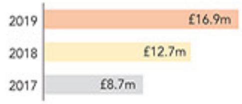
Eggfree Cake Box®

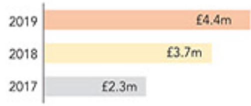
"making celebrations a piece of cake"

2019 Highlights

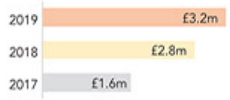
REVENUE
£16.9m
(2018: £12.7m)
+33%



UNDERLYING EBITDA*
£4.4m
(2018: £3.7m)
+20%



PROFIT AFTER TAX*
£3.2m
(2018: £2.8m)
+13%



CASH AT BANK	UNDERLYING EPS	FINAL DIVIDEND
£3.1m	**7.90p**	**2.4p**
up £0.6m	+14%	+50%
(2018: £2.5m)	(2018: 6.92p)	(2018: 1.6p)

IPO 27 June 2018	**27** NEW STORES OPENED	**113** TOTAL NUMBER OF STORES
+6.5% LIKE FOR LIKE GROWTH	**58%** ONLINE SALES GROWTH	**£0.9m** NET CASH

*after Exceptional Aim listing cost of £599k and fair value property uplift of £444k

About us

The journey began in 2008 with one small store due to my daughter requesting an eggfree cake.

The Eggfree Cake Box opened it's first store in the heart of East London in 2008. It's mission became to provide the UK market with a new concept; delicious fresh cream Celebration Cakes made without eggs and providing an 'on demand' service to cater for our ever-increasing busy lives. By eliminating the egg there was no compromising on the taste and texture and appearance of the cakes. ECB cakes were an instant success; they quickly became a favourite amongst many who have certain religious, dietary and/or lifestyle choices.

The cakes are so light and fluffy and made to a high-end recipe that we still use today. Our commitment to quality and value means that you will receive a fantastic, delicious product, every time. ECB began to increase in popularity and opened its first franchise a year later and has never looked back. Here at ECB we like to think of each other as family, and our success is due to our commitment to the brand and extending our family circle to include our customers.

We pride ourselves on using only the finest quality ingredients and taking the utmost care in the production of our cakes. All our products are 100% eggfree. Many of the founders' family members follow a strict lacto-vegetarian diet and that is how the concept was born. Whilst our cakes are egg free, you really can't taste the difference, which makes them a perfect choice for any occasion.

Our research team are constantly developing and expanding our product range. We are diversifying all the time and we constantly adapt to new trends, bringing new products to the market quickly. An example of this is the new vegan food trend that is now becoming main stream across the world. In response, we have recently added a range of vegan loaf cakes to cater for customers who follow the vegan diet.

Our first store in 2008.

Our stores in 2019.

Our growth

Born at the height of the recession in 2008, the business has proved to be resilient in all economic climates, as witnessed by our growth pattern. We had established the franchisee model by late 2008 and opened our first franchised shop by 2009, adding a further 2 by 2010, followed by continued steady growth thereafter.

In the early years, we attended franchisee shows and advertised on franchisee portals. Due to ever increasing demand by potential franchisees, we withdrew all advertising by 2014. We found that this produced a better potential franchisee, as they had sought out the opportunity to join our family.

We opened our 50th store in 2016 and reached the milestone of our 100th store in 2018.

In June 2018, we listed on the London AIM stock market further cementing our growth pattern by benefitting from the wider exposure that listing on the stock exchange brings. We aim to grow our estate by at least 24 stores a year to reach an estate of at least 250 stores covering the country over the next few years.

We are exploring different outlets such as shopping malls and train stations to name just a few, to complement the existing stores, that are run by the franchisees.

Area	Stores
London within M25	38
South East	26
West Midlands	17
East Midlands	13
Yorkshire	10
North West	5
Scotland	1
North East	2
South West	1
Total	113

*All information correct as of June 2019.

Meet our franchisees

Kuldeep & Sunny Nar
(proud owners of 3
Cake Box franchises).

"I had been thinking about investing some money into a business whilst I was working as a social worker for a local authority. As luck would have it, I was told about this new up and coming company called Cake Box. I contacted them and had a great conversation with the directors about the company and the potential in which they felt Cake Box offered. I then attended the opening of the Welling Branch and dragged my fiancé along. Strangely I had a fantastic rapport and connection with Sukh and Pardip. We drank bubbles and talked business for hours.

I tasted the cake and was really surprised how good it tasted. I left feeling uplifted. I was then invited along to a presentation at the Walthamstow branch (they didn't have a head office back then). I left with all the financial figures and I already knew that I wanted to open a shop in Hayes, Middlesex. My dad already had a mini supermarket and hardware store here and so I just knew this would be the 'place'. After I discussed it with my dad, mum and fiancé, they all agreed to help me open my own Cake Box.

With blessings and luck on my side my dad agreed to let me have a section of his hardware store and lent me some money. I did not have much back then, but with the love and support of my family and friends and supportive Cake Box Directors I opened my first branch on 9th November 2011. It was not easy to begin with, I kept working a full time job, took on extra hours and watched as the business slowly grew. Hayes is now one of the top five leading branches within the group. I now also own Hounslow West and Feltham Branches.

I am extremely proud of what my husband, our families and I have achieved together. After the birth of my daughter in 2016, my husband and I were able to leave work and have quality time with our daughter. I believe this wouldn't have been possible if we did not have our businesses. With Cake Box I have never looked back and neither am I finished in my growth.

Nothing can beat becoming a mother but I can safely say I have fulfilled more of my life's ambitions. I own an extensive champagne collection and 3 of my own businesses. I can now proudly say I did this and then some!"

I have been baking since I was 16 years old when I got my first job as an apprentice in a bakery in Walthamstow. I soon advanced to becoming a bakery manager in East London, by the time I was 21. I learnt all the skills required to run a business from kneading the dough, to sourcing suppliers, to producing business growth forecasts. I knew then that I wanted to run my own business.

8 years after starting as an apprentice, I opened my first bakery in Seven Kings in Essex producing and wholesaling iced cakes to shops who resold them to the public, made to order only, with a lead time of 2 weeks.

I had an opportunity to buy a sandwich bar in Ilford Essex, which I ran for a year before deciding to turn it into a cakeshop. In 2006, I started to expand and by 2010 I had five branches and a small bakery unit in Essex to supply them. The amount of hard work it took to run these shops and the bakery unit started taking a toll on my health as I was working virtually 7 days a week, 15 hours a day leading to 2 failed marriages.

In 2010 I started to notice the Cake Box branches opening everywhere. By 2015, I decided to look into their model as they had opened more branches in a few years than I had managed to in the previous 10 years.

In 2016, I had a meeting with the founders Mr Sukh Ram Chamdal and Mr Pardip Dass. I was quite surprised they agreed to meet with me, as I was potentially a competitor. Following that original meeting, I went to a further presentation and realised that the Cake Box offered me a much better work life balance with all the benefits of being my own boss.

We struck a deal to convert all my shops to the Cake Box brand and I have since bought and sold additional branches. Cake Box has allowed me to work 'normal' hours. I am now happily married to Ieva, my wife, who joins me in running our branches.

Alan & Ieva Wright
(proud owners of 4
Cake Box franchises).

Chair's Statements

"Confidence is high that as a group we have put the building blocks in place to continue to grow a solid Franchise business treating customers across the UK."

Neil Sachdev MBE
Chair

OVERVIEW

This has been a landmark year for Cake Box, due to both the successful completion of our initial public offering and the significant expansion of our family of franchisees.

"Although we have only been on AIM for a short period, we have made a huge amount of progress. New store openings have kept pace with our plans, our franchisees are enjoying good performance and we have a solid platform for growth with two new production and distribution centres secured. As such, we look forward with great confidence.

RESULTS

The Group has delivered a strong performance in its inaugural year as a listed business, with revenues of £16.9 million, reflecting growth of 33% over the previous year. Our new franchise store openings mean that Cake Box is now present in new geographies such as Feltham, Croydon and Bury. The openings have continued to deliver solid returns for franchisees and customer satisfaction continues to be at high levels, as does our brand awareness.

DIVIDEND

The Board are pleased to recommend a final dividend of 2.4 pence per share, bringing the total dividend for the year to 3.6 pence per share.

If approved by the shareholders at the AGM on 23rd July 2019, the final dividend of 2.4 pence per share will be paid on 2nd August 2019 to shareholders on the register on 5th July 2019.

OUR COLLEAGUES AND FRANCHISEES

I joined the Board in June 2018 as non-Executive Chair, along with two new non-executives, Martin Blair and Adam Batty. It is a great privilege to work alongside such a talented, founder-led management team. Collectively, the executive directors have made the business the success that it currently is.

We have an amazing and diverse network of franchisees, many of whom are running their own businesses for the first time, and some of whom have expanded their business to encompass multiple shops. All are working hard to please customers in their local communities, helping them to celebrate important occasions with friends and family.

This is a young, incredibly diverse business that is driven by talented Head Office staff at Enfield and around the country in our franchise stores. On behalf of the Board and shareholders, I would like to record my thanks for their incredible enthusiasm and entrepreneurship that is the making of Cake Box now and in the future.

OUTLOOK

On the back of our first successful year as a plc, we expect continued delivery of our growth plans and implementation of our strategy into 2019 and beyond. We remain focused on what works for customers and delivering them the very best products across the UK.

As we look ahead, we are focused on continuing to introduce new product lines and roll-out a sustainable pipeline of new stores, as well as building our online and digital capabilities to ensure our customers everywhere can access our products from a choice of channels that are convenient for them. Our stores will always remain the heart of what we do.

I am looking forward to working with the Board, our staff and the franchisee community to deliver our vision of making Cake Box accessible to all.

Neil Sachdev MBE
Non-executive Chair

Cake Box has over the last nine months shown that it has the capability to deliver a product that customers like in all geographies across the U.K.

CEO Statements

"The Eggfree Cake Box's one-of-a-kind proposition in the cake market has enabled the company to become a much-loved national brand in just a decade"

Sukh Chamdal
Chief Executive Officer

I am proud to be writing my first CEO Statement in our first year as an AIM listed company, particularly following another year of significant growth for the Cake Box business. During the year, we grew Group revenues from £12.8m to £16.9m and increased underlying EBITDA by 20% to £4.4m.

OVERVIEW

The Cake Box brand has continued to go from strength to strength and we have made good progress since flotation on our strategic priorities of new store growth, introducing new product lines, growing our store estate and developing our digital marketing. Our geographical spread has also increased into new towns and cities across England - from Southampton in the south, to Newcastle in the north. With only one franchise store currently in Scotland (Glasgow), this is a region we can target for growth, along with Wales where we do not have any franchise stores.

LIKE-FOR-LIKE SALES

During the summer of 2018, the extended period of hot weather had an impact on the rate of like-for-like franchise store sales growth, which slowed from 15.0% last year to 6.5% for the year. As soon as temperatures reverted to seasonal norms, our franchise stores saw an improvement in sales growth, and this strengthened through the fourth quarter with franchise store like-for-like sales growth recovering to 8.6% in the second half, compared to 4.4% in the first half.

RESULTS

These results demonstrate the continuing appeal of the Cake Box brand and our unique customer offering, combined with the financial strength of the Group and the strong cash generative nature of our business model. We have achieved impressive growth in revenues and profits despite the hot weather, which adversely impacted high street footfall during the summer months. Despite this impact, our franchisees achieved decent sales growth with franchisee total turnover rising to £30.7m up from £25.9m from the previous year.

OUTLOOK

I am confident that our plan for the coming year, will deliver further growth. Supported by our capital investments in the two new production and distribution facilities. We are also exploring new routes to market, not just through more store openings, but also trialling expansion into shopping malls through standalone kiosks or both shops and kiosks. We are also investing to improve efficiency in our production methods and technology, whilst improving our recipes. New baking equipment is also allowing us to increase yield and command better prices with our ever-increasing buying power. We continue to invest in customer services through ongoing training of our front-line staff and our franchisee's.

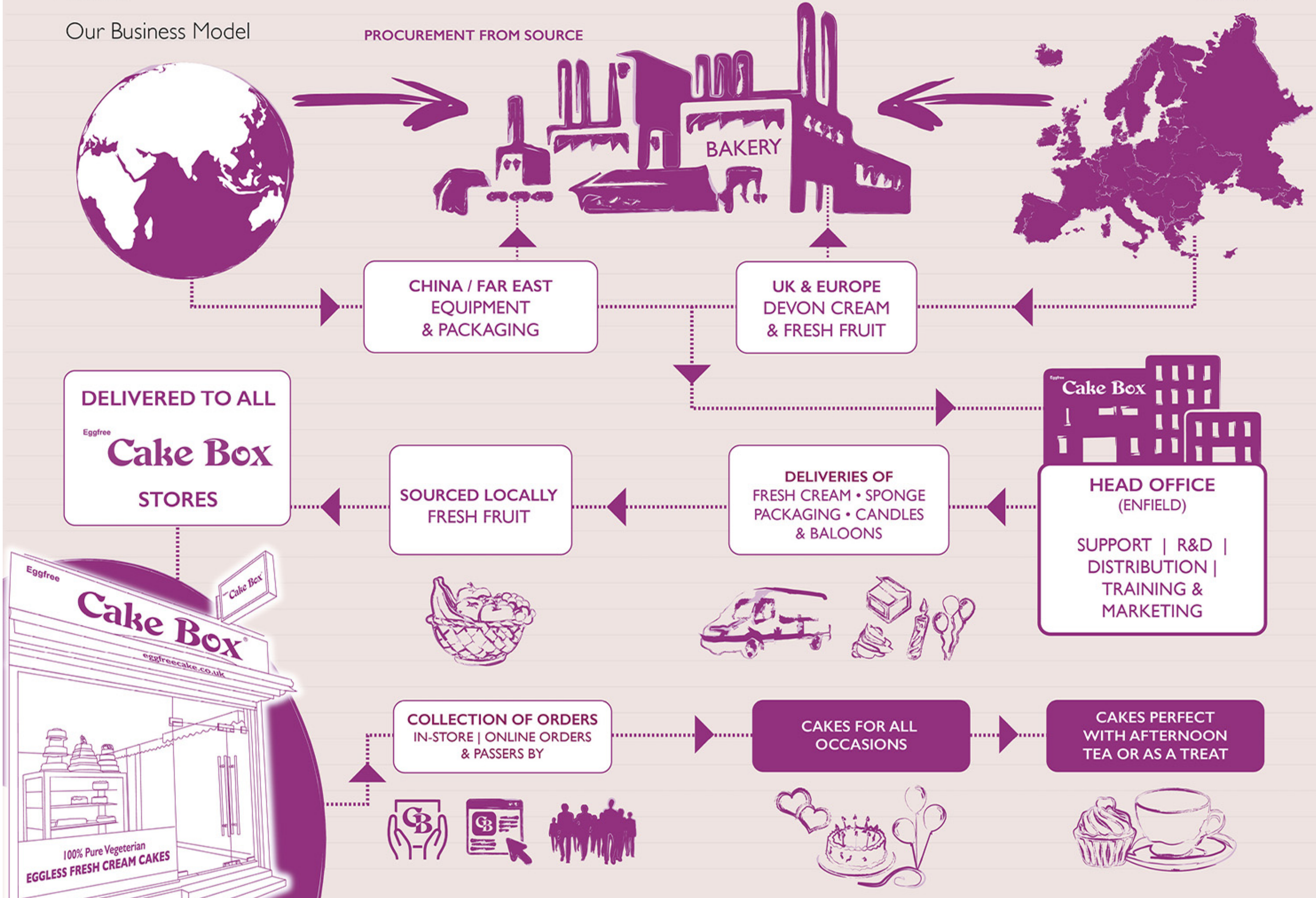
Sukh Chamdal
Chief Executive Officer

"The customer is the most important visitor on our premises, they are not dependent on us.

We are dependent on them"

Mahatma Gandhi

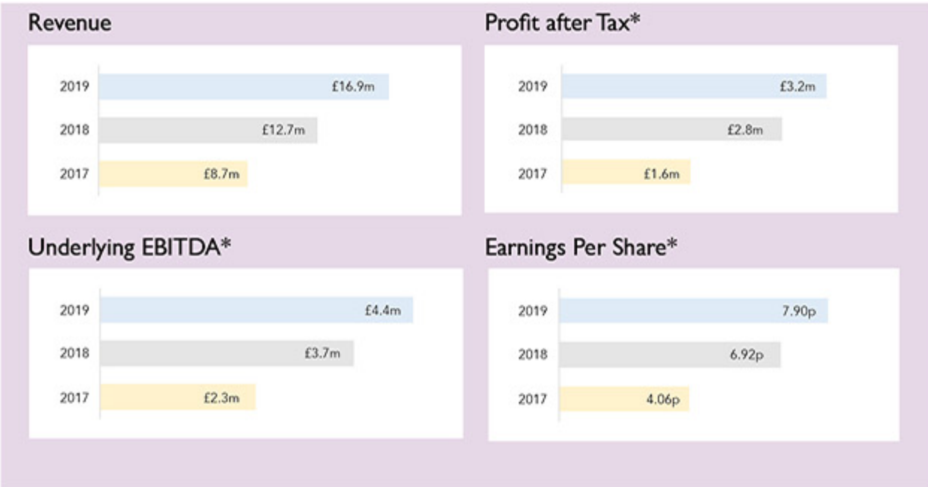
Our Business Model



Financial Review

"We have delivered another year of record profitability despite having PLC & AIM flotation costs for the first time"

Pardip Dass
Chief Financial Officer



*after Exceptional AIM listing cost of £599k and fair value property uplift of £444k

REVENUE

Reported revenue for 52 weeks ending 31st March 2019 was £16.9m. Revenue increased by 33% compared to the previous financial year. This was achieved through an increase in store like for like sales and with the addition of a record number of new stores openings in the year.

GROSS MARGIN

Gross profit as a percent of sales improved from 42.9% to 45.7%. The was supported by an increase in cake sponge profitability from 67.3% to 69.1%. This was obtained by the increased efficiency of production achieved by the installation of new ovens at the start of the year.

ADJUSTED EBITDA

Adjusted EBITDA excludes AIM listing cost of £599k and fair value property uplift of £444k. On this basis, adjusted EBITDA increased from £3.70m to £4.44m and represents an increase of 20% year on year.

TAXATION

The effective rate of taxation was 21.2% (2018: 17.0%). This is higher than the standard rate of 19% due to the AIM listing costs which are a disallowable deduction for corporation tax.

EARNINGS PER SHARE

Underlying earnings per share were 7.90p (2018: 6.92p). The number of Shares in issue was 40m and is unchanged since the IPO in June 2018.

DIVIDENDS

Having delivered a year of strong growth the Board is pleased to propose a final dividend of 2.4 pence per share, bringing the total dividend for the year to 3.6 pence per share. This represents a yield of 3.3% when compared to flotation price of 108 pence. As previously stated, the Company intends that the total dividend for each year will split into one third for the first six months of the year to two thirds for the year end respectively.

FINANCING OF NEW WAREHOUSES & DISTRIBUTION CENTRES

The purchase of the two freehold warehouses, a combined investment of £1.4m was partly funded by way of a new 15-year loan facility of £650k, the rest being paid through existing cash resources.

CASH POSITION

The Group had £3.1m of cash at year end, an increase of £600k despite payment of net £750k for the freehold warehouses and payment of a maiden dividend of 1.2 pence at the interim which accounted for £480k. At year end the group has a Net cash position of £0.9m which was unchanged from the previous year.

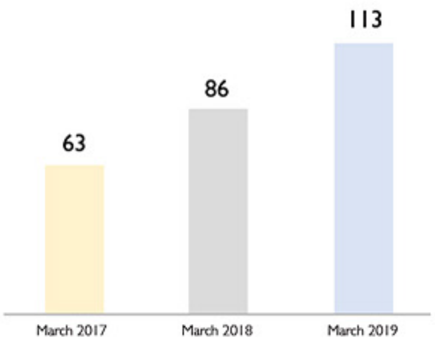
Pardip Dass
Chief Financial Officer

Operational Review

"Our strong franchise model supports excellent prospects for future growth."

Dr. Jaswir Singh
Chief Operating Officer

Number of stores



STORES

Expansion is continuing in line with our target of opening an average of six new franchise stores per quarter (two per month). Our progress here brought the franchise store count to 113 at the year end and continuing this delivery, we opened four new stores since the start of the new financial year, with two more expected to open before the end of Q1 2019.

TRADING ENVIRONMENT

In contrast to the challenges being seen widely across the UK high street, we continue to perform strongly. The strength of our approach is underlined by our ability to offer our customers the unique Cake Box offering and the convenience they want. We give our customers the flexibility to either pop in at one of our stores, order a cake and get it personalised on the spot for no extra charge, or order online and collect in a hassle-free fashion.

STRONG FRANCHISE MODEL

We have grown from just one store to 113 franchise stores in our first decade of operation, committing to a franchise model from the start. We believe that our focus on our people and our franchisees who, as owner occupiers, are driven to increase sales and offer exceptional customer service with the support of Head Office, will allow us to continue delivering resilient sales growth.

Many of our existing franchisees are perpetually seeking new sites to add to their portfolio and we continue to add new franchisees to our team every month. At the year end, 62 franchisees owned the 113 stores. 20 of the franchisees owned multiple stores, of which two owned as many as seven each.

NEW PRODUCTION AND DISTRIBUTION CENTRES

We are in the process of opening two new warehouse and distribution centres to complement our existing facility in Enfield London. This will provide us with a more streamlined production and distribution operation, reducing the delivery time to within 90 minutes for 95% of our franchise stores. This also addresses our goal of reducing food delivery miles which helps improve our environmental impact. As well as acting as a distribution centre for dry stock and packaging, the intention is to install bakeries at the new sites. This would enable us to mimic our exact operation at Enfield, and provide a back-up plan for our main site in case of a major disaster. The new sites will ease the demand for space at Enfield, where Research and Development can continue with an emphasis on developing new products under the same roof as the management headquarters which will remain at the original site.

OUTLOOK

Whilst we will always retain our core business of celebration cakes and our pure vegetarian and eggfree values, we are poised to stay current and always looking to better our offering. Modern "flexitarian" trends are attracting people to "free from" establishments by choice, rather than medical or religious reasons.

Our colourful and tempting displays of smaller cakes and slices are attracting customers on impulse, to buy gifts to share or to enjoy tea-time at home. We will explore options of adding new products to our range to complement our traditional range of Cakes and candles. Although the internet is offering new ways of preparing for your party, availability will continue to sell accessories and complimentary items for celebrations, such as cupcakes and slices.

Dr Jaswir Singh
Chief Operating Officer

RISK MANAGEMENT

The Executive Directors and senior management lead an ongoing identification and assessment process of the key risks (both financial and non-financial), which is presented annually to the Board. The review process includes an evaluation of the detailed risk registers and is designed to ensure that significant risks are identified and prioritised according to the likelihood of the event occurring and the impact of that event. Once the risks have been assessed, appropriate mitigation actions are implemented. The principal risks identified are as follows:

RISK CATEGORY	POTENTIAL IMPACT	MITIGATION	RISK RATING
Competitive Environment	The Group operates in a competitive market with competitors drawn from local and very large-scale multinational corporations.	The Group is well positioned with relatively few direct competitors. There is no comparable national chain, only small localised competition.	Low
Consumer Trends	Financial results can be materially impacted by any material change in consumer habits within the United Kingdom.	Our products are "treats" in the mind of the consumer, when it comes to treats consumers disregard health, sugar, and fat concerns as can be seen in the purchasing of chocolate bars. Our products are indulgent treats.	Low
Product Quality	A reduction in quality may reduce franchisee sales and so supplies purchased from Cake Box.	The Group undertakes a rigorous recruitment and vetting process and has become very experienced at identifying good franchisees.	Low
Reliance on key staff	Loss of key management could impact the group's ability to carry out the roll out programme within the desired timeframe.	The group is not reliant on one single individual and seek to have a deputy for each department. The Remuneration committee seeks to ensure that key individuals are suitably incentivised to aid retention.	Low
Ability to recruit and retain skilled franchisees	The ability of the Group to attract and retain new franchisees with the appropriate attitude, expertise and skills, in available and suitable locations, cannot be guaranteed. The Group may experience difficulties in finding and retaining appropriate franchisees.	The Group undertakes a rigorous recruitment and vetting process and has become very experienced at identifying good franchisees.	Medium
Poor Performance of Franchisees	Multiple franchisees could underperform in the market, which could result in lower revenues for the Group and potential damage to its reputation and financial performance. Even though the Group has the ability to terminate underperforming.	The Directors believe that the Group provides its franchisees with all the appropriate and necessary training, guidance and procedures to operate a franchisee store successfully, safely and to the standards that the Group expects of its franchise stores. The Group also undertakes periodic audits of its franchisee stores. Poor audit scores automatically trigger re-training of franchisee and their staff in our in-house training centre which is chargeable.	Low
Failure of Significant Sites	Potential risks include a disruptive event such as fire, flood a major incident at site level, such as an explosion, IT systems failure, cyber-attack or other events such as geopolitical instability. The consequences associated with this risk include the impact on our ability to manufacture goods and satisfy customer demand.	We recognise this is currently an area of high risk with only one site in operation, but this will be reduced once Bradford and Coventry are open with backup facilities, in July 2019.	Medium, Low after July 2019
Cost pressures reduce profits for franchisees	Increased labour costs through rises in the Living Wage / Minimum wage and increases in shop running costs (rents / rates etc mean that operating a franchise may be less profitable. This could reduce the interest in new franchises and reduce the number of existing.	Franchisees currently have a healthy profit margin and so can absorb small increases in labour costs. There will also be a short-term benefit from the reduction in rates for small businesses. Franchisees can also increase the retail price of cakes to maintain margin, as we are a unique offering.	Low
Exchange Rates	A weak sterling can cause the cost of imported goods, both materials and capital equipment to become more expensive.	These are negated with the built in contingently in the price due to the buying power and length of stock holdings which equalizes over the longer term.	Low
Brexit	Uncertainty around Brexit has caused volatility in Sterling and so can cause purchase prices to be higher and unpredictable. Brexit may also reduce consumer spending because of the uncertainty.	Historically, at time of uncertainty the celebration cake market has not been impacted as much as the rest of the economy. The unit price remains low relative to other purchases and special events will continue to be celebrated in economical ways.	Low
Cyber Security	As Cake Box increases its online presence so it will become increasingly targeted.	Our customers have other options to place orders for their cakes such as visiting in store or ordering on the phone. Our online ordering only represents 20% of sales. We have multiple backups of data both in the cloud and physical servers and we have a second server backup of data files.	Medium

Governance

PRINCIPLES OF CORPORATE GOVERNANCE

It is the Board's job to ensure that Cake Box is managed for the long-term benefit of all shareholders and intends to continue to provide effective and efficient decision making and a solid foundation for robust corporate governance, to underpin the work of the Executive Management team. The Board has determined that the Non-Executive Directors are independent, experienced and influential individuals with complementary skill sets. Members of the Board maintain memberships of a number of professional bodies and ensure their skill sets are constantly developed. As part of our ongoing commitment to staff development, Executive Directors and senior leaders have personal development programmes which include mentoring, attendance at high level leadership programmes and individual support for specific and identified development needs and to ensure they are kept up to date on relevant legal developments or changes in best practice.

THE BOARD

The Board comprises the Non- Executive Chair, two independent Non-Executive Directors and two Executive Directors. Their biographies can be found on page 24. There is a clear separation of the roles of Non-Executive Chair and Chief Executive Officer. The Chair, Neil Sachdev, is responsible for the running of the Board and for ensuring that all Directors are fully informed of matters, sufficient to make informed judgements. As Chief Executive Officer, Sukh Chamdal has responsibility for implementing the strategy agreed by the Board and managing the day-to-day operations of the Group. He is supported in this role by the Chief Operating Officer, Dr Singh and the Chief Financial Officer, Pardip Dass, and other senior leaders in the Group.

The Board sets the strategic aims of the Group and its values, provides the leadership required to put them into effect, supervises and constructively challenges management, who are responsible for the day-to-day running of the Group, and reports to shareholders on their stewardship. The Board is also responsible for risk management, and we have set out our approach to risk management in the Principle Risks and Uncertainties section of the Annual Report on page 27.

BOARD COMMITTEES

The Board has delegated specific responsibilities to the Audit, Remuneration and Nomination Committees, details of which are set out below.

NOMINATIONS COMMITTEE

The Nominations committee is chaired by Neil Sachdev with other members being Adam Batty and Martin Blair. All are independent members. The Committee meets a minimum of twice a year. The Nominations committee is responsible for ensuring clear succession planning is in place for all members of the board and other senior leaders in the organisation. The Committee is also accountable for succession of Executive members of the Group.

AUDIT COMMITTEE

The Audit Committee is chaired by Martin Blair, with other members being Adam Batty and Neil Sachdev. All are independent members. The primary accountability of monitoring and testing the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on. The Committee receives and reviews reports from the Group's management and Auditors relating to the interim and annual accounts as well as accounting and internal control systems in use throughout the Group. It also advises the Board on the appointment of the Auditors. The Audit Committee meets at least three times a year and has unrestricted access to the Auditors. The Audit committee meets three times a year.

Martin's report and statement and report are on page 26.

REMUNERATION COMMITTEE.

The Remuneration Committee is chaired by Adam Batty, with other members being Martin Blair and Neil Sachdev, and meets not less than twice a year. The Remuneration Committee has responsibility for making recommendations to the Board on the Company's policy on the remuneration of certain senior executives (including the Executive Directors), including annual bonuses, the eligibility requirements for benefits under long-term incentive schemes and for the determination, within agreed terms of reference, of specific remuneration packages for each of the Executive Directors, including pension rights, contracts of employment and any compensation payments.

Adam's report as chair is on page 28.

INTERNAL CONTROLS

The Board has ultimate responsibility for the Group system of internal control and for reviewing its effectiveness. However, any such system of internal control can provide only reasonable, but not absolute, assurance against material mismanagement or loss. The Board considers the internal controls in place appropriate for the size complexity and risk profile of the Group.

The Principle elements of the Group's internal control systems include:

- Close management of the day-to-day activities of the directors, Sukh Chamdal, Pardip Dass, Jaswir Singh
- An organisational structure with defined levels of responsibility which promotes entrepreneurial decision-making and rapid implementation whilst minimising risks
- A comprehensive annual budgeting process producing detailed integrated profit and loss, balance sheet and cash flow, which is approved by the board
- Detailed monthly reporting of performance against budget
- Central control over key areas such as capital expenditure authorisation and banking facilities

The Group continues to review systems of internal controls to ensure compliance with best practice whilst also having regard size and resources available. The board considers that the introduction of an internal audit function is not appropriate at this juncture.

RELATIONSHIPS WITH SHAREHOLDERS

The Group maintains communication with institutional shareholders by having individual meetings with Executive Directors, particularly following publication of the Groups trading updates and results. Private shareholders are encouraged to attend annual general meetings at which the Group's activities are considered and questions answered. General information about the Group is also available on the group's website **https://investors.eggfreecake.co.uk.** The website includes an overview of activities of the Group and details all recent Group announcements.

BOARD MEETINGS

The board met 7 times into 2018/19, Non-Executive Directors communicate directly with Executive Directors and senior management between formal Board meetings. The Board held a focused dedicated board meeting on strategy in November 2018 and will schedule similar meetings annually. At the inaugural strategy meeting the Board considered key strategic issues relevant to the business as part of the business planning process and received presentations from our advisors' and members of the senior management team. Directors are expected to attend all meetings of the Board and the Committees on which they sit and devote sufficient time the Company's affairs to enable them to fulfil their duties as directors. In the event that the Directors are unable to attend a meeting, they provide their comments on the Board papers to the Chair to ensure their contribution can be included in the wider board discussion.

The following table shows Directors attendance schedule for Board meetings and Committees during the year.

	Board	Audit	Remuneration	Nomination
Neil Sachdev*	7/7	2/2	3/3	1/1
Sukh Chamdal	7/7			
Pardip Dass	7/7			
Jaswir Singh	7/7			
Adam Batty*	7/7	2/2	3/3	1/1
Martin Blair*	7/7	2/2	3/3	1/1

* Neil Sachdev, Adam Batty and Martin Blair were appointed as Directors on 1st June 2018.

BOARD DISCUSSIONS AND ACTIVITY DURING THE YEAR.

The Board has a schedule of regular business, financial and operational matters and each Board Committee has compiled a schedule of work, to ensure that all areas for which the Board has responsibility are addressed and reviewed during the course of the year. The Chair and Board members have also during the course of the year visited a number of franchisee shops and reviewed the new warehouse opportunities. The Chair is responsible for ensuring the Directors receive accurate and timely information.

The Board pack and Committee papers which are circulated one week prior to the meetings, thus ensuring all members have sufficient time to review and prepare for the meetings. The Chair is responsible for collecting any feedback or suggestions for improvement on Board papers and feedback to the management. Minutes are provided of each meeting to every Director.

BOARD EFFECTIVENESS.

The experience and knowledge of each of the Directors gives them the ability to constructively challenge strategy and scrutinise performance. The Chair has regular contact with all Board members to seek feedback on Board performance and any other business issues that may well need discussion at future Board meetings. The Chair also attends regular meetings with Executive Directors and provides this feedback to the other Non-Executive Directors thus ensuring the optimum performance of the Board as a whole. The Board intends to undertake its next effectiveness review in the first half of 2020.

EVALUATION

We have not conducted a formal Board evaluation during the year as it has only been nine months since the formation of the new Board. However, the Chair has met all Directors to seek feedback on how the Board performance may be improved and action has been taken on matters raised. It is our intention to conduct a Board evaluation exercise by way of questionnaire during 2020. The findings of this evaluation will be published in next year's annual report.

DEVELOPMENT

Through the Chair, the Board ensures that all Directors are kept abreast of changes in relevant legislation and regulations with the assistance of Company advisors where appropriate. Executive Directors are subject to the Company's performance development review process through which their performance against predetermined objectives is reviewed and their personal and professional development needs are considered. It is intended that an annual performance appraisal of Non-Executive directors will be undertaken by the Chair as part of the board evaluation process at which time any development needs will be addressed. There will also be a review of the Chair's performance conducted by one of independent Directors during 2020.

EXTERNAL APPOINTMENTS

All Directors need to seek the Chair's permission before taking any additional external appointments.

CONFLICTS OF INTEREST

At each Board meeting, the Board considers Directors conflicts of interest. The Company's articles of association provide for the Board to authorise any actual/potential conflicts of interest as it sees fit.

NOMINATIONS COMMITTEE

The role of the Nominations committee is to assist the board in formal selection and appointment of directors and carry out evaluation of the board, its committees and individual directors. Given the recent offering and IPO of the company and the associated board appointments, the nominations committee has met once to cover succession planning at level 2 to cover regional management.
In the coming year the committee priorities will be:

- An evaluation of the board and committee performance, to be undertaken before the year end 2019/20.
- Develop an induction programme for the new directors and development programme for existing directors so they can readily develop an understanding of the Group and its business risks.
- Review any training needs of the director group, to maintain up to date knowledge and skills that enable them to fulfil their duties effectively.

Neil Sachdev
Chair of the Nominations Committee

As a newly listed company, Cake Box Holdings Plc is committed to highest level of corporate governance. Companies admitted to trading on the London Stock Exchange's AIM Market are, as of 28 September 2018, required to adopt a recognised Corporate Governance Code. The Chair of the Board has overall responsibility for the corporate governance arrangements of the Company and the Board has formally adopted the Quoted Companies Alliance ("QCA") Corporate Governance Code (the "Code"). The Directors support high standards of corporate governance as embodied in the principles of the QCA Code.

Board of Directors

Experienced founder led team supported by highly experienced Chair and Non-executive directors.

Neil Sachdev MBE (61)

Non-Executive Chair

Neil Joined Cake Box Holdings as Non-executive chair in June 2018 and has extensive retail experience having served as Group Property Director of both J Sainsbury & Tesco. He has also been Non-executive director of Intu Properties plc for ten years.

Neil was awarded his MBE for work in retail sector.

Nomination Committee Chair
Audit Committee Member
Remuneration Committee Member

Sukh Chamdal (57)

Co-founder and Chief Executive Officer

Sukh opened the first Cake Box concept store in 2008 and co-founded the franchise business in 2009. He has over 35 years' experience in the food manufacturing and food retail industry. He was previously a consultant for a food equipment company that specialised in high volume food production.

Pardip Dass ACMA (47)

Co-founder and Chief Financial Officer

Pardip co-founded the Cake Box franchise business in 2009. He has over 20 years' experience within the food and beverage industry and has previously worked for Starbucks, Masala Zone, Group Chez Gerard Restaurants & Real pubs.

Pardip qualified as a Chartered Management Accountant in 2007.

Dr. Jaswir Singh (62)

Chief Operating Officer

Dr Singh joined Cake Box Holdings as Chief Operating Officer and has extensive retail experience within the clothing industry. He successfully ran his own restaurant business for nine years before joining Cake Box in March 2010.

Jaswir is a qualified medical doctor.

Martin Blair (61)

Non-Executive Director

Martin Joined Cake Box Holdings as Non-executive director in June 2018. He is Non- executive director of AIM listed Kape Technologies, The Marketing Group and Green Biologics Ltd. Previously Martin was CFO of Pilat Media (AIM listed) from 2001 to 2014

Martin is a qualified Chartered Accountant.

Audit Committee Chair
Remuneration Committee Member
Nomination Committee Member

Adam Batty (47)

Non-Executive Director

Adam joined the Company as Non-Executive Director in June 2018 and is also a Non-Executive Director of AIM listed Stride Gaming plc. Adam is a corporate lawyer and was previously General Counsel and Company Secretary of Domino's Pizza Group plc and Selfridges Group. Adam is currently chief executive and founder of a new fast casual premium chicken concept called Happy Bird.

Remuneration Committee Chair
Audit Committee Member
Nomination Committee Member

Audit Committee Report

Martin Blair
Non-Executive Director
of the Audit Committee

On behalf of the board I am pleased to present the Audit committee report for the period to 31 March 2019.

"This is the year Cake Box became a public company and it has gone through a swift transition from a private to a public company. It has quickly adapted its internal systems and reporting to having external shareholders and non-executive directors. As with any company, but particularly a public company it is always looking to improve its processes and this evolution will continue. The introduction on a new EPOS (Electronic Point of Sale) system at the franchise stores has greatly enhanced the information the company has and allows it to make quicker adjustments to its offering and be able to plan for peak activity at different times of the year."

INTERNAL CONTROL

Whilst the Group has always had policies, internal control and corporate governance these have been enhanced and improved since Cake box became a public company:

- proper business records are maintained and reported on, which might reasonably affect the conduct of the business;
- monitoring procedures for the performance of the Group are presented to the Board at regular intervals;
- budget proposals are submitted to the Board no later than one month before the start of each financial year;
- accounting policies and practices suitable for the Group's activities are followed in preparing the financial statements;
- the Group is provided with general accounting, administrative and secretarial services as may reasonably be required; and
- interim and annual accounts are prepared and submitted in time to enable the Group to meet statutory filing deadlines.

The Group continues to review its system of internal control to ensure compliance with best practice, whilst also having regard to its size and the resources available. The Board considers that the introduction of an internal audit function is not appropriate at this juncture.

BOARD COMMITTEES

To assist it in carrying out its duties, the Board has set up three committees comprising the Audit Committee, the Remuneration Committee, and the Nomination Committee with formally delegated duties and responsibilities and with written terms of reference. From time to time separate committees may be set up by the Board to consider specific issues when the need arises. An explanation of the responsibilities and composition of these committees is set out below and the terms of reference can be downloaded from our website.

Audit Committee	Remuneration Committee	Nomination Committee
The Audit Committee consists of:	**The Remuneration Committee consists of:**	**The Nomination Committee consists of:**
Martin Blair, Non-Executive Director Adam Batty Neil Sachdev	**Adam Batty, Non-Executive Director Neil Sachdev Martin Blair**	**Neil Sachdev, Non-Executive Chair Adam Batty Martin Blair**
The Audit Committee is expected to meet formally at least twice a year and otherwise as required. It has responsibility for ensuring that the financial performance of the Group is properly reported on and reviewed, and its role includes monitoring the integrity of the financial statements of the Group (including annual and interim accounts and results announcements), reviewing internal control and risk management systems, reviewing any changes to accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors and advising on the appointment of external auditors.	The Remuneration Committee is expected to meet not less than twice a year and at such other times as required. The Remuneration Committee has responsibility for determining, within the agreed terms of reference, the Group's policy on the remuneration packages of the Company's Chief Executive, the Chair, the Executives and Non-Executive Directors, and other senior executives. The Remuneration Committee also has responsibility for determining the total individual remuneration package of the Chair, each Executive Director and the Chief Executive Officer (including bonuses, incentive payments and share options or other share awards). No director or manager may be involved in any discussions as to their own remuneration.	The Nomination Committee is expected to meet not less than once a year and at such other times as required. It has responsibility for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, and giving full consideration to succession planning. It also has responsibility for recommending new appointments to the Board.

APPOINTMENT OF THE EXTERNAL AUDITOR

The Committee considers a number of areas when reviewing the external auditor appointment, namely their performance in discharging the audit, the scope of the audit and terms of engagement, their independence and objectivity, and remuneration. RSM were engaged as an adviser for the IPO in June 2018 and the Committee concluded it was appropriate to appoint them as the Group's external auditor in September 2018. Barnes Rolfe (LLP resigned by notice to the Company and confirmed that there are no matters connected with it ceasing to hold office that need to be brought to the attention of members or creditors of the Company for the purposes of section 519 of the Companies Act 2006. RSM conducted the audit of the Group's financial statements for the financial year ended 31 March 2019.

AUDITOR INDEPENDENCE

The Audit Committee monitors the independence of the Group's external auditor. The Audit Committee considered the threats to the independence of RSM created by the provision of the non-audit services and concluded that sufficient safeguards were in place.

EXTERNAL AUDIT PROCESS

The external auditor prepares a plan for its audit of the full year financial statements which is presented to the company in February. The audit plan sets out the scope of the audit, areas of significant risk to focus their work on and audit imitable. This plan is reviewed and agreed in advance by the Audit Committee. Following its external audit process, the auditor presented its findings to the Audit Committee for discussion. No major areas of concern were highlighted by the external auditor during the year; however areas of significant risk and other matters of audit relevance were discussed.

ANTI-CORRUPTION

The Board is also responsible for ensuring the Group's compliance with all applicable anti-corruption legislation, including, but not limited to, the UK Bribery Act 2010 and the US Foreign Corrupt Practices Act 1977. The Group complies and always has complied with all applicable anti-corruption laws. In view of the requirement in the UK Bribery Act 2010 for relevant companies to have adequate anti-bribery procedures, the Group has devised and implemented a suite of anti-corruption policies and procedures designed to prevent corruption by anyone working on its behalf. The Group has adopted a zero-tolerance approach to corruption and is committed to ethical business practices.

NEW AND FORTHCOMING ACCOUNTING STANDARDS

The Group has adopted two new accounting standards during the year - IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. The Committee has reviewed accounting papers presented by the finance function that describes how the provisions of these standards have been applied to the Group and have also received reports from the external auditors of their review of these papers. The Committee has concluded that these standards have been appropriately applied in the financial statements. The Group will adopt IFRS 16 Leases from 1 April 2019, as this standard was only effective for accounting periods beginning after 1 January 2019 and so is not reflected in these financial statements. Management have conducted an impact assessment of this standard and the results are reported in note 1 to the financial statements on page 44.

RISK MANAGEMENT AND CONTROLS

As described on page 16 -17 of the Strategic Report and page 20 of the Corporate Governance Statement, the Board has established a framework of risk management and internal control systems, policies and procedures. The Audit Committee is responsible for reviewing the risk management and internal control framework and ensuring that it operates effectively. During the year, the Committee has reviewed the framework and the Committee is satisfied that the internal control systems in place are currently operating effectively. At present the Group does not have an internal audit function. The Committee believes that in view of the current size and nature of the Group's businesses, management is able to derive sufficient assurance as to the adequacy and effectiveness of internal controls and risk management procedures without a formal internal audit function. This will be kept under review as the business evolves.

Martin Blair
Chair of the Audit Committee

Remuneration Committee

Adam Batty
Non-Executive Director of the Remuneration Committee

I am pleased to present this remuneration report, which sets out the remuneration policy and the remuneration paid to the Directors for the period.

On admission to AIM, the Committee did not provide share options to Executive Directors, instead undertaking to conduct a comprehensive review of the remuneration policy following on from admission. This review took place during the financial year under review with a view to ensure the remuneration levels set were competitive, recognised the skills and experience of the Executive Directors and reflected the Company's status on AIM. The Committee further reviewed the operation of variable incentive plans to ensure they have the correct link between performance and reward.

As a result of this review, the Committee proposed a policy for FY19/20 that can be summarised as follows:

- Increases to base salaries which set them in line with equivalent roles at companies with similar characteristics and sector comparators, recognising the Executive Director's capabilities and strong performance to date and reflecting responsibility levels and complexity of their roles;
- Annual bonus maximum quantum set by reference to each individual's salary, with performance assessed against a combination of financial and operational goals linked to the Company's strategy; and
- An annual award of performance shares subject to a combination of performance conditions measured over a four-year performance period, aligned to the main strategic objectives of delivering sustained profitable growth and increasing the Company's share price over the medium term.

Against the backdrop of a successful year for the Company in its first year as a public company, the Committee is satisfied that the remuneration policy adopted for the 2019/20 financial year operates in such a way as to incentivise Company growth and development and reward for strong performance, offering an appropriate balance between fixed and performance-related, immediate and deferred remuneration, but without overpaying or creating the risk of rewards for failure.

REMUNERATION COMMITTEE REPORT

The Committee is appointed by the Board, and is formed of Non-Executive Directors. In the year, the Committee was chaired by Adam Batty; the other members of the Committee were Neil Sachdev and Martin Blair. The Committee met 3 times during the year and all Committee members attended every meeting. The Committee's terms of reference are available for public inspection on the Company's website at https://investors.eggfreecake.co.uk/corporate-governance. Other members of the Board of Directors are invited to attend meetings when appropriate, but no Director is present when his remuneration is discussed. MM&K Remuneration Consultants ("MMK") provided advice to the Committee during the current year. MMK is a signatory to the Remuneration Consultants Group code of conduct and has no other connection with the Company other than in the provision of advice on remuneration from time to time.

The Committee's principal duties remain as follows:

- to review and make recommendations in relation to the Company's senior Executive remuneration policy;
- to apply these recommendations when setting the specific remuneration packages for each Executive Director, the Company Chair and other selected members of senior management and to include annual bonuses, the eligibility requirements for long-term incentive schemes, pension rights, contracts of employment and any compensation payments;
- to ensure that the remuneration policy is aligned with the short and long-term strategy of the Company;
- to manage performance measurements and make awards under the Company's annual bonus and long-term incentive plans;
- to consult with key shareholders with regards to remuneration where appropriate and take their views into account; and
- to manage reporting and disclosure requirements relating to Executive remuneration.

PAY POLICY

The remuneration policy is designed to provide an appropriate level of compensation to senior management such that they are sufficiently incentivised and rewarded for their strong performance, levels of responsibility and complexity of their role and to reflect their skills and experience over time. Using appropriate measures of financial and personal performance, as well as equity-based rewards, helps to align the interests of the Directors with those of the Company's shareholders.

The Committee has taken into account market data when setting remuneration levels, positioning Executives' pay at a broadly mid-market level relative to similarly sized AIM-listed companies, as well as those from the food sector. This provides a package which is both fair and competitive within the market.

BASE SALARY

Base salaries are reviewed on an annual basis, and any increases become effective from the start of the financial year. As a result of the salary benchmarking exercise undertaken in the 2018/19 financial year (which showed that the base salaries were below lower quartile and reflecting the strong performance of the Company since admission, with effect from 1 April 2019, Sukh Chamdal is entitled to a base salary of £184,000, following an increase of 15% over the previous financial year, Pardip Dass is entitled to a base salary of £120,750, following an increase of 15% over the previous financial year. Jaswir Singh is entitled to a base salary of £92,000, following an increase of 15% over the previous financial year.

PENSION AND BENEFITS

The Executive Directors are entitled to a pension contribution of up to 2% of salary in the form of a defined contribution to a stakeholder pension plan. Additionally, the Executive Directors are entitled to private medical insurance as a benefit in kind.

ANNUAL BONUS

The remuneration policy allows the Committee, at its discretion, to make annual cash bonus awards to the Executive Directors, which will normally be limited to a bonus opportunity of 75% of salary per annum.

Stretching performance targets are determined by the Committee at the start of the financial year, which are fully aligned with the Company's strategy and objectives. These targets (a majority of the bonus) are financial in nature (e.g. adjusted EBITDA), with a minority of the bonus payable for the achievement of qualitative strategic and personal performance targets set by the Chief Executive Officer and agreed by the Chair. For the financial targets, a sliding scale target range is used, with no bonus payable for this element unless a threshold level of performance is achieved (which will be achieving market consensus). Clawback provisions do apply.

LONG-TERM INCENTIVES

The Executives did not receive an award of share options at IPO, so the Company will make its first award of long-term incentive awards ("LTIP") in the 2019/2020 financial year. This will be in the form of performance shares, with a four year vesting period (50% vesting in year 3, the remaining 50% vesting in year 4) subject to stretching performance conditions set at the time of grant, which are likely to include metrics based on financial performance in line with our key objectives of delivering returns to our shareholders through achievement of our growth strategy and continued service. The Committee firmly believes that these performance conditions will help to drive strong performance over the long term. The awards will be satisfied in the form of Ordinary Shares, with a face value of up to 100% of each Executive Director's salary for the relevant financial year, on a four-year vesting period.

As the Executive did not receive an award of share options at IPO, the initial award of performance shares will be larger than future awards, at 250% of salary. The vested LTIP awards will be exercisable until the tenth anniversary of the grant date, subject to the individual's ongoing employment. The awards are structured as forfeitable shares awards whereby the beneficial interest in the Ordinary Shares will be transferred to the participants if the conditions set out in the Company's LTIP have been met and after consulting with the Remuneration Committee. An amount equivalent to any declared and paid dividends which accrue may be paid on vested shares. Clawback provisions apply.

The initial award is summarised below:

	Number of Ordinary shares which LTIP awards were granted for 2019/2020
Executive Directors	
Sukh Chamdal	500,000
Pardip Dass	300,000
Jaswir Singh	250,000
Total	1,050,000
Date of vesting	2022/2023

NON-EXECUTIVE DIRECTOR FEES

Fees for Non-Executive Directors are set with reference to market data, time commitment, responsibilities of Board Committees. Fees are normally reviewed biennially and the current fees were set at Admission. During the 19/20 financial year, the fees payable to the Non-Executive Directors will be reviewed (in the case of the Chair of the Board by the Committee and in the case of the Non-Executive Directors by the Board). For the year under review, the Chair, Neil Sachdev, received a pro-rated annual fee of £55,000. The two other Non-Executive Directors, Adam Batty and Martin Blair, both received pro-rated annual fees of £35,000. Other than their annual fee, as well as appropriate travel expenses to and from Board meetings, no additional compensation is payable.

PAY AND CONDITIONS ELSEWHERE IN THE COMPANY

The remuneration policy described above provides an overview of the structure that operates for the most senior Executives in the Company, with a significant element of remuneration dependent on Company and individual performances. A lower aggregate level of incentive payment applies below Executive Director level. The vast majority of the Company's employees participate in an annual bonus plan with the limits and performance conditions varying according to job grade. The Committee believes in broad-based employee share ownership being a key element in retention and motivation in the wider workforce, so many employees will, going forward, be provided with longer term incentives through discretionary share schemes. The Committee takes into account remuneration packages within the Company as a whole when determining Executive pay levels.

SERVICE AGREEMENTS

The Executive Directors' service agreements provide that their employment with the Company is on a rolling basis, subject to written notice being served by either party of not less than six months.
The current service contracts and letters of appointment include the following terms:

		Date of contract	Notice period
Executive Directors	Sukh Chamdal	20 June 2018	Six months
	Pardip Dass	20 June 2018	Six months
	Jaswir Singh	20 June 2018	Six months
Non-Executives Directors	Adam Batty	20 June 2018	Three months
	Martin Blair	20 June 2018	Three months
	Neil Sachdev	20 June 2018	Three months

Under these service contracts, the Company may terminate an Executive Director's employment immediately by making a payment in lieu of base salary, benefits and statutory entitlements, and any bonus or commission payments pro-rated for the duration of the notice period. No bonus would be payable in the event of an Executive Director's resignation.

DIRECTORS' REMUNERATION REPORT

The Directors received the following remuneration for the financial year ended 31 March 2019:

	Salary and fees £	Benefits in kind[1] £	Pension £	Annual bonus[2] £	Share-based payments £	2019 total £	2018 total £
Executive Directors							
Sukh Chamdal	160,000	3,598	806	-	-	164,404	23,500
Pardip Dass	105,000	1,989	806	-	-	107,795	19,333
Jaswir Singh	76,250	3,059	605	-	-	79,914	-
Non-Executives Directors							
Adam Batty	29,167	-	-	-	-	35,000	-
Martin Blair	29,167	-	338	-	-	35,000	-
Neil Sachdev	45,833	-	-	-	-	55,000	-
Aggregate emoluments							

1 Including the provision of private medical insurance.
2 Represents the annual bonus payable in December 2018 for performance up to the end of the 2018/19 financial year.

OUTSTANDING SHARE-BASED AWARDS

There were no share-based payment awards were outstanding during the year.

STATEMENT OF DIRECTORS' INTERESTS

The table below sets out the beneficial interests in shares and the fully vested share options of all Directors holding office as at 31 March 2019:

	Ordinary shares		Unexercised share options		Total interests	
	At 31 March 2019	At 31 March 2018	At 31 March 2019	At 31 March 2018	At 31 March 2019	At 31 March 2018
Sukh Chamdal *	16,537,915	22,982,083	-	-	16,537,915	22,982,083
Pardip Dass **	3,520,418	12,374,970	-	-	3,520,418	12,374,970
Jaswir Singh	541,666	541,666	-	-	541,666	541,666
Adam Batty	-	-	-	-	-	-
Martin Blair	-	-	-	-	-	-
Neil Sachdev	18,518	-	-	-	18,518	-

*Held jointly with his Spouse Santosh Chamdal
** Held jointly with his spouse Kulwinder Kaur

Adam David Batty
Chair of the Remuneration Committee

Corporate Social Responsibility Report

Cake Box believes corporate social responsibility is about being community minded and responsible and making a difference. We have an obligation to consider the interests of our customers, employees, shareholders, communities, and the environment and to consider the social and environmental consequences of our business activities.

By adopting socially and environmentally responsible behaviour, we believe that we can make a significant contribution to our core business processes and stakeholder management. This will help us achieve the ultimate goal of creating both social value and corporate value, enabling us to boost wealth creation and employment, promote social justice, help those less fortunate and protect the environment.

OUR AIMS AND VALUES

Our values underpin our vision, and guide all of our actions. Their presence in everything we do will ensure that we are ethical in all our dealings.

Customers – listen to our customers and provide great customer service
Recognition - reward the efforts and achievements of our colleagues
Improvement – get better at what we do
Honesty – openness and honesty as a way of working
Success – drive commercial success through effective leadership and teamwork

We promote initiatives which support and encourage staff to achieve a reasonable work/life balance. As a company we strive to recruit and retain the best people, continue our family culture and values, motivate our people and reward them accordingly.

Cake Box is committed to creating a positive impact on the communities around us. We follow many business principles and are mindful of our ethical, social and economic impact. To us, CSR means doing everything we can to be a good company committed to socially responsible practices. This strategy confirms our commitment to acting responsibly and delivering high quality products and service.

OUR ECONOMY

We provide employment to people in local communities across the whole of Britain and we are proud to have a large, diverse workforce which we encourage. We have opened 113 shops nationwide since we started in 2008, thereby boosting the economy and providing employment, nationally. Our aim is to teach the unemployed new, practical skills and to improve incentives to work. We have around 900 employees across the whole of the UK and we encourage applications for employment from ethnic minorities.

OUR PEOPLE

Our company is dedicated to protecting our employee's health and well-being. Our people are our best asset and one of our objectives is to keep them safe and healthy. We provide a comprehensive Private Health policy for every eligible employee. We have recently implemented a 'Death in Service' benefit for all employees to ensure some financial security for their loved ones in the event of their death. We are constantly auditing our internal policies and procedures to see where we can incorporate more beneficial practices for our employees. We have a Sickness Absence policy which incorporates paid Company Sick pay for all staff.

OUR COMMUNITIES

Our company will initiate and support community investment and educational programs. We are currently looking at ways we can provide support to non-profit organisations or movements to promote cultural and economic development of local communities. Charitable giving and volunteer efforts within our communities. We are introducing an initiative whereby we will be charging for our recyclable bags, and we will use the money raised by the carrier bag charge to support charities across the UK. Our company will make regular monetary donations and these donations will aim to alleviate those in need. We run a '**Hot Kitchen**' every Wednesday for the poor in a deprived Borough. This runs from October to April every year.

The directors also sponsor a free dispensary back in their home village in India providing free tests, free medicines and free check-ups for the whole community. Our Franchisees carry out charity driven initiatives in their local communities.

Wolverhampton franchisee sponsoring a local under 15's football team.

OUR ENVIRONMENT

Protecting and preserving the environment

Apart from legal obligations, our company is committed to proactively protecting the environment.

Plastics - Our aim is to have 100% recyclable or biodegradable plastic from all our suppliers and any plastic that we have on our packaging by 2022. We are in the process of launching biodegradable carrier bags which will be charged for and the proceeds will be distributed to nominated charities by the franchisees. Our aim is to ensure our bags are environmentally friendly and fully recyclable by the end of 2022.

Carbon Footprint - We are aiming to reduce our travel mileage by opening distribution centres within 90 minutes of our stores. This will help to reduce our carbon footprint and our diesel miles. We have 2 distribution centres that are currently being refurbished and we hope to have these fully operational by the end of 2019.

We have also installed LED lights across our offices and our depots to further reduce our emissions. We've also introduced gas ovens,

Director's Responsibilities

OVERVIEW

The Board seeks to "Do the right thing" for our customers, people, suppliers and shareholders. The Board is strongly focused on promoting a positive culture and we believe that equality, diversity and inclusion are fundamental for our strategy to be successful. To achieve an optimal culture within the company, and decision making which is informed by a range of expertise, experience and cultural perspectives. The Board believes this is vital to creating a sustainable growing business and is a key responsibility of the Company. The Non-Executive Directors continue to provide independent judgment on key issues affecting the Company. The Board seeks to follow best practice in corporate governance as appropriate for a company of our size, nature and stage of development. As a public company, admitted to trading on AIM, we are mindful of the trust placed in the Board by institutional and retail investors, employees and other stakeholders. Taking account of this, the Board has adopted the Quoted Company Alliance's (QCA) Corporate Governance Code for Small and Mid-Size Quoted Companies ("QCA Code"). The principal means of communicating our application of the Code are this annual report and our website https://investors.eggfreecake.co.uk/corporate-governance. As Chair, I am the custodian of the corporate governance approach adopted by the Board to ensure that the Company has the right people, strategy and culture to deliver success in the medium to long term. Since adopting the QCA Code I have led the Company's application of its ten principles to ensure that the Company's strategy is linked to and supported by its governance arrangements. The remainder of this statement sets out the Company's application of the Code including, where appropriate, cross references to other sections of the annual report.

Principle 1: Establish a strategy and business model which promote long term value for shareholders

The Board has clearly articulated its strategy and business model in the Company's admission document and the strategy and business operations of the Group are set out in the Chair's Statement on pages 6 - 7 and the Chief Executive Officer's Review on pages 8 - 9. The Board is responsible for the Group's strategy and the operation of the Board is documented in a formal schedule of matters reserved for its approval which is reviewed annually. This includes the Group's strategic aims and objectives. The Group's overall strategic objective is to become the UK customers number one choice when ordering a celebration cake. The Group continues to grow and deploys its financial and other resources towards developing its franchisee network. The Board believes that this approach will continue deliver significant long-term value for shareholders through a strong share performance and against the Group's key performance indicators. The Board also believes that remaining admitted to trading on AIM is of long-term value to shareholders as it offers a combination of access to capital markets, flexibility to make acquisitions, incentives and rewards to management through share schemes, and a regulatory environment appropriate to the size of the Company.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Company recognises the importance of engaging with its shareholders in order to communicate the Group/Company's strategy and progress and to understand the expectations and needs of shareholders. Beyond the Annual General Meeting, the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer meet regularly with investors (including institutional shareholders) and analysts to actively build the relationship, provide them with updates on the Group's business and to obtain feedback regarding the market's expectations for the Group. Shareholders also have access to current information on the Company through its website **https://investors.eggfreecake.co.uk** and via its financial PR advisor.

Principle 3: Consider wider stakeholder and social responsibilities and their implications for long-term success

We recognise that we are responsible not only to shareholders and employees, but to a wider group of stakeholders (including our customers and suppliers) and the communities in which we operate. The Company is focused on inclusivity, leadership and engagement. The Company strives for a visible benefit from everything it does, whether that is promoting diversity and inclusivity through its events or creating value for its shareholders. The Company acts with integrity, focuses on creating results and importantly values people – from its members of staff to those who form the communities with which it engages. The Non-Executive Directors are available to discuss any matter stakeholders might wish to raise. The Company is especially focused on building and nurturing its relationships with the Franchisees who are key to the business model. The Company solidifies its relationship with the Franchisees by holding a bi-monthly Franchise Forum, that all franchisees can attend. This is a regular, team building day, where the Executive Team, employees and franchisees can get together. New products are launched and any outstanding issues are addressed.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board is responsible for determining the nature and extent of significant risks that may have an impact on the Company's operations, and for maintaining a risk management framework. The Board is responsible for the management of risk and carries out robust assessments of the principal risks and uncertainties affecting the Company's business, discussing how these could affect operations, performance and solvency and what mitigating actions, if any, should be taken. This process, along with the key risks are described on pages 16.

Principle 5: Maintain the board as a well- functioning, balanced team led by the chair

The Board includes a balance of Executive and Non-Executive Directors. All the directors have appropriate skills and experience for the roles they perform at Cake box, including as members of Board Committees. The Board is responsible to the Company's shareholders and sets the Company's strategy for achieving long term success. It is also ultimately responsible for the management, governance, controls, risk management, direction and performance of the Company. The Board meets 10 times per year. The Chair is responsible for ensuring that the Directors receive accurate and timely information and ensures that any feedback or suggestions for improvement on Board papers is fed back to management. Adam Batty and Martin Blair are Non-Executive Directors of the Company and Neil Sachdev is the Non-Executive Chair. The Board considers that Neil, Adam and Martin are independent, in character and in judgement, and have no business relationships which impact on their independence. The Board has delegated specific responsibilities to the Audit, Remuneration and Nomination committees. Each committee reports back to the Board and has written terms of reference setting out its duties, authority and reporting responsibilities. The terms of reference will be kept under continuous review to ensure they remain appropriate and reflect any changes in legislation, regulation or best-practice. Each committee meets 4 times per year. The Company is satisfied that the current Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders and will consider the requirement for additional Non-Executive Directors as the company fulfils its growth objectives. Directors are subject to re-election at least every three years.

Principle 6: Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The Board currently comprises of three Executive and three Non-Executive Directors with an appropriate balance of sector, financial and public market skills and experience. The experience and knowledge of each of the Directors gives them the ability to constructively challenge strategy and to scrutinise performance. In addition, the Chair, Neil Sachdev, brings further strategic, commercial, transaction and leadership experience which will be invaluable as the Board pursues the Company's growth strategy and continues to transform the Company. The Directors' biographies are set out on pages 24 - 25.

Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Chair reviews the contributions of Board members, as well as the Board Committees and conducts effectiveness reviews. The next review is due to be undertaken before October 2019. In addition, the Non-Executive Directors will meet, without the Chair present, and will evaluate his performance. The Nomination Committee is responsible for succession planning of the executive leadership team and makes recommendations to the Board for the re-appointment of any Non-Executive Directors if and when necessary. Succession planning is reviewed on an ongoing basis alongside the capability of the senior management and Directors.

Principle 8: Promote a corporate culture that is based on ethical values and behaviour

The Board monitors and promotes a healthy corporate culture and considers how that culture is consistent with the Company's objectives, strategy and business model and with the description of principal risks and uncertainties. Our Franchise Manual is issued to all Franchisees and provides specific detail of the policies and procedures in place to promote and support ethical behaviour and values. The Company employs Audit Compliance Officers who visit each shop to ensure policies, procedures and standards are being adhered to. We also employ Mystery shoppers who go into shops anonymously at various times throughout the year, and report back. The Board has considered and assessed the culture as being inclusive, transparent and collaborative with appropriate behaviours. The Board is satisfied that the Company has a 'speak up' culture and the Directors regularly observe this occurring in practice. The Company has a Code of Conduct and policies and procedures relating to whistleblowing stating the Company's commitment to conducting its business with honesty and integrity, its expectation that staff will maintain high standards, and encouraging prompt disclosure of any suspected wrongdoing. The terms of reference of the Audit Committee include reviewing the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and keeping under review the Company's procedures for handling allegations from whistle-blowers. The board believes that diversity is a key to future success of our business (we widen our business to include franchisees) as we firmly believe that part of the company success is the global and diverse nature of our workforce and we intend to continue our effort to promote diversity.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision- making by the board

The governance structure adopted by the Group is set out in the Governance section of this annual report and on our website. This includes, but is not limited to, the composition and role of the Board; roles and responsibilities of the Board; the roles of the Board Committees and the compliance with our chosen corporate governance code. The terms of reference of our Board Committees is available on our website. The Board believes our governance framework is consistent with our culture and appropriate to our size and requirements. We will continue to evolve our governance framework, as necessary.

Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The above-mentioned formal schedule of matters reviewed annually by the Board includes matters relating to effective communication with the Company's shareholders. The Company maintains communication with their institutional shareholders through individual meetings with executive Directors, particularly following publication of the Group's interim and full year results. Private shareholders are encouraged to attend the Company's Annual General Meeting at which the Company's activities will be considered and questions answered. If 20% of the independent votes have been cast against a resolution proposed at any general meeting, the Company will include, on a timely basis, an explanation of what actions it intends to take to understand the reasons behind that vote result, and, where appropriate, any different action it will take as a result of that vote. The Non-Executive Directors are available to discuss any matter stakeholders might wish to raise, and the Chair and independent Non-Executive Directors will attend meetings with investors and analysts as required.

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2019

Cake Box Holdings Plc

CONTENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAKE BOX HOLDINGS PLC

Opinion

We have audited the financial statements of Cake Box Holdings Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise Consolidated and Company Statement of Financial Position, Consolidated Statement of Comprehensive Income, Consolidated and Company Statement of Changes in Equity and Consolidated and Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.
In our opinion:

- 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 31 March 2019 and of the group's profit 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 Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent 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 as applied to SME listed entities 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 going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Refer to pages **45** (Accounting policies – Revenue recognition) and page **46** (Notes to the Consolidated Financial Statements – Segmental Reporting).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAKE BOX HOLDINGS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAKE BOX HOLDINGS PLC

Risk of material misstatement

Revenue is the most significant component of the financial statements comprising of sale of goods and franchise fees. IFRS 15 requires the Group to assess whether the five-point revenue recognition criteria as set out by IFRS 15 has been met. Management judgement is required to the assess the impact of IFRS 15 on franchise fees and its assessment of whether it is acting as principal or agent in respect of online sales and store fit-outs. As such, there is a risk of material misstatement if revenue is not appropriately recognised.

Audit approach adopted

Our audit procedures to address the risk of material misstatement relating to revenue recognition included:

- Review of management's assessment of franchise agreements to determine amounts applicable to separate performance obligations.
- Review of management's consideration of whether the Group acts as principal or agent in relation to online sales and shop fit-outs.
- Performance of substantive analytical review and data analysis procedures in relation to revenue recognised in the year, including the assessment of any deviations from sales trends in the year.
- Performance of cut-off testing procedures

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. During planning materiality for the group financial statements as a whole was calculated as £349,000, which was not significantly changed during the course of our audit. Materiality for the parent company financial statements as a whole was calculated as £12,000, which was not significantly changed during the course of our audit. Final materiality for the group financial statements as a whole was calculated as £380,000 and £16,900 for the parent company financial statements as a whole. We agreed with the Audit Committee that we would report to them all unadjusted differences in excess of £10,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Group and its control environment. Our group audit scope included the full scope audit of all components requiring a statutory audit. These were performed at a component materiality level determined by reference to the scale of the business. The scope of our audit covered 100% of both profit before tax and consolidated net assets.

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.

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 26, 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 the 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 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: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Euan Banks (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £	2018 £
Revenue	3	16,908,999	12,739,484
Cost of sales		(9,189,297)	(7,263,209)
Gross profit		7,719,702	5,476,275
Administrative expenses	4	(3,742,684)	(2,273,128)
Fair value movements	15	444,148	-
Other operating income	5	27,719	178,175
Operating profit	6	4,448,885	3,381,322
Exceptional items	11	(598,645)	-
Net finance costs	7	(41,534)	(45,672)
Profit before income tax		3,808,706	3,335,650
Income tax expense	12	(806,290)	(568,053)
Profit after income tax		3,002,416	2,767,597
Other comprehensive income for the year			
Movement of deferred tax on the revaluation of tangible fixed assets		-	16,970
Total comprehensive income for the year		3,002,416	2,784,567
Earnings per share			
Basic & diluted	32	7.51p	6.92p

The notes on pages 44 - 70 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £	2018 £
Assets			
Non-current assets			
Property, plant and equipment	14	5,047,791	3,340,520
Investment property	15	-	342,629
Trade and other receivables	18	52,861	259,459
		5,100,652	3,942,608
Current assets			
Inventories	17	909,716	709,212
Trade and other receivables	18	1,532,487	1,300,636
Cash and cash equivalents		3,082,044	2,505,657
Non-current assets held for sale	16	649,998	342,629
		6,174,245	4,515,505
Total Assets		11,274,897	8,458,113
Equity and liabilities			
Equity			
Issued share capital	19	400,000	160
Capital redemption reserve	20	40	40
Revaluation reserve	20	899,570	455,422
Retained earnings	20	5,517,578	4,205,336
Equity attributable to the owners of the Parent company		6,817,188	4,660,958
Current liabilities			
Trade and other payables	23	1,414,693	1,493,348
Short-term borrowings	21	212,183	185,594
Current tax payable		749,022	519,523
		2,375,898	2,198,465
Non-current liabilities			
Borrowings	21	1,937,577	1,457,377
Deferred tax liabilities	13	144,234	141,313
		2,081,811	1,598,690
Total Equity and Liabilities		11,274,897	8,458,113

The financial statements were approved by the Board of Directors and authorised for issue on 21 June 2019. They were signed on its behalf by:

Pardip Dass
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit before income tax	3,808,706	3,335,650
Adjusted for:		
Depreciation	430,676	318,548
Profit on Disposal	(3,222)	(5,181)
Increase in inventories	(200,504)	(153,814)
Increase in trade and other receivables	(25,254)	(364,269)
(Decrease)/Increase in trade and other payables	38,541	402,110
Net fair value gain	(444,148)	-
Finance income	(6,981)	(1,114)
Cash generated in operations	3,597,814	3,531,930
Finance costs	48,515	46,786
Taxation paid	(497,250)	(362,542)
Net cash generated from operating activities	3,149,079	3,216,174
Cash flows from investing activities		
Sale of investment properties	140,000	190,000
Purchases of property, plant and equipment	(567,154)	(530,688)
Purchases of assets under construction	(1,570,793)	-
Interest received	6,981	1,114
Net cash used in investing activities	(1,990,966)	(339,574)
Cash flows from financing activities		
New borrowings	870,000	-
Repayment of borrowings	(329,983)	(249,847)
Repayment of finance leases	(33,228)	(28,185)
Dividends paid	(1,040,000)	(521,826)
Interest paid	(48,515)	(46,786)
Net cash used in from financing activities	(581,726)	(846,644)
Net increase in cash and cash equivalents	576,387	2,029,956
Cash and cash equivalents brought forward	2,505,657	475,701
Cash and cash equivalents carried forward	3,082,044	2,505,657

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Attributable to the owners of the Parent Company				
	Share capital £	Capital redemption reserve £	Revaluation reserve £	Retained earnings £	Total £
At 1st April 2017	160	40	438,452	1,959,565	2,398,217
Total comprehensive income for the year	-	-	-	2,767,597	2,767,597
Surplus on revaluation of freehold property	-	-	16,970	-	16,970
Dividends paid	-	-	-	(521,826)	(521,826)
At 31 March 2018	160	40	455,422	4,205,336	4,660,958
Total comprehensive income for the year	-	-	-	3,002,416	3,002,416
Share bonus issue	399,840			(399,840)	-
Surplus on revaluation of freehold property	-	-	-	-	-
Dividends paid	-	-	-	(1,040,000)	(1,040,000)
At 31 March 2019	400,000	40	455,422	5,767,912	6,623,374

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. General information

Cake Box Holdings Plc is a listed company limited by shares, incorporated and domiciled in England and Wales. Its registered office is 20 – 22 Jute Lane, Enfield, Middlesex, EN3 7PJ. On 20 June 2018, the Company converted to a public company and on 27 June 2018 was admitted onto the Alternative Investment Market ('AIM').

The financial statements cover Cake Box Holdings Plc ('Company') and the entities it controlled at the end of, or during, the financial year (referred to as the 'Group').

The principal activity of the Group continues to be the specialist retailer of fresh cream cakes.

2. Accounting policies

2.1 Basis of preparation of financial statements

The audited financial information does not constitute statutory financial statements for the years ended 31st March 2018 and 31 March 2019 as defined in section 434 of the Companies Act 2006. The figures for the period ended 31 March 2019 have been extracted from the Group's financial statements and those for the comparative period from the historic financial information for the year ended 31 March 2018. The statutory financial statements for the years ended 31 March 2019 received an audit report which was unqualified and did not include any reference to matters to which the auditors drew attention by way of emphasis without qualifying their report or any statement under section 498(2) or section 498(3) of the Companies Act 2006. The financial statements for the year ended 31 March 2019 will be dispatched to the shareholders and filed with the Registrar of Companies.

The financial statements for the year ended 31 March 2019 and the historic financial information for the year ended 31 March 2018 have been prepared under the historical cost convention as modified by fair value measurement of investment property and freehold property and, in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"). This financial information has been prepared on a basis consistent with the accounting policies adopted in the financial statements and historic financial information, and in accordance with the recognition and measurement principles of IFRS but does not contain all the information required to be disclosed in financial statements prepared in full compliance with IFRS.

Sources of estimation uncertainty

The preparation of financial statements under IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis and any revision to estimates or assumptions are recognised in the period in which they are revised and in future periods affected.

Significant judgements

The material areas in which estimates and judgements are applied are as follows:

Freehold land & buildings

Freehold land & buildings are held at valuation. Depreciation has not been provided for as deemed immaterial.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.1 Basis of preparation of financial statements (continued)

One property held at valuation has not been revalued by an independent valuer. The directors consider that the value of the freehold property is representative of the current market value after consideration to similar properties in the surrounding area based upon extensive research. See note 14 for further information.

2.2 Functional and presentation currency

The currency of the primary economic environment in which the Group operates (the functional currency) is Pound Sterling ("GBP or £") which is also the presentation currency.

2.3 Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all its subsidiaries. Subsidiaries include all entities over which the Group has the power to govern financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control commences until the date that control ceases. Intra-group transactions are eliminated in preparing the Consolidated Financial Statements.

A list of the significant investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest is given in note 2 to the Company's separate financial statements.

2.4 Standards in issue not yet effective

IFRS 16 'Leases'

The Group has considered how leases are accounted for in accordance with IFRS 16 'Leases', including consideration of the transition method. The standard is expected to only affect the Group in respect of leases that it has in place that are currently treated as operating leases in accordance with current standards.

The Group acts as a lessee and lessor but will not be required to recognise operating leases on the balance sheet when the new standard is implemented. The leases are expected to fall under the definition of short-term leases exemption criteria. Early adoption of this standard has not been taken.

At the date of authorisation 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:

		Effective Date
IFRS 9	Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	1 January 2019
IFRS 11	Amendments to remeasurement of previously held interest	1 January 2019
IAS 12	Amendments to income tax consequences of dividends	1 January 2019
IAS 28	Amendments regarding long-term interests in associates and joint ventures	1 January 2019
IFRS 16	Leases	1 January 2019
IAS 23	Amendments to borrowing costs eligible for capitalisation	1 January 2019

2.5 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 executive directors that make strategic decisions. Whilst the Group trading has numerous components, the chief operating decision maker (CODM) is of the opinion that there is only one operating segment. This is in line with internal reporting provided to the executive directors.

2.6 Going concern

Based on the current working capital forecast, the Group is unlikely to need additional funds within twelve months of the date of approval of these financial statements in order to maintain its proposed work levels of expenditure providing contracts progress as planned, new contracts are secured and the Group is able to continue successfully managing its cash resources. After making enquiries and considering the assumptions upon which the forecasts have been based, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.7 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with the ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Fees

Fees receivable from the franchisee for branding, equipment, training and initial support are recognised on delivery of the equipment and rendering of the services enabling the franchisee to operate at which time the Group has performed its obligations under the franchise agreement in respect of the fees. Fees received in advance are held on the Consolidated Statement of Financial Position as deferred income.

Online sales

Online sales which include click and collect sales where the franchisee has the primary responsibility for the fulfilment of the order and the Group is collecting consideration on behalf of the franchisee as agent are not recognised as revenue of the Group. Only the net commission amount is recognized.

2. Accounting policies (continued)

2.8 Current and deferred taxation

Current tax liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset, limited to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred Tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits, limited to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in the statement of comprehensive income. Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.8 Current and deferred taxation (continued)

Tax Expense

Income tax expense represents the sum of the tax currently payable and deferred tax movement for the current period. The tax currently payable is based on taxable profit for the year.

2.9 Tangible fixed assets – held at cost

Property, plant & equipment under the cost model, other than investment and freehold properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following annual basis:

Plant & machinery	-	25% Straight-line method
Motor vehicles	-	25% Straight-line method
Fixtures & fittings	-	25% Straight-line method
Assets under construction	-	Not depreciated

Assets under the course of construction are carried at cost less any recognised impairment loss. Depreciation of these assets commences when the assets are ready for the intended use.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

2. Accounting policies (continued)

2.9 Tangible fixed assets – held at cost

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.10 Tangible fixed assets – held at valuation

Individual freehold properties are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at each Consolidated Statement of Financial Position date.

Fair values are determined by the directors from market-based evidence.

Revaluation gains and losses are recognised in Other Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in the profit and loss.

2.11 Investment property

Investment property is carried at fair value determined annually by the directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Profit and loss.

2.12 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale are presented separately from the other assets in the Consolidated statement of Financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

2.14 Financial instruments

Initial Measurement
Financial Instruments are initially measured at the transaction price (this includes transaction cost except in the initial measurement of financial assets and liabilities that will be measured at fair value through the Consolidated Statement of Comprehensive Income). If, however the arrangement constitutes a financing transaction it is then measured at the present value of the future payments, discounted at a market related interest rate.

Trade and other receivables
Trade and other receivables are initially measured at fair value and subsequently amortised cost. All sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed. Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

2.14 Financial instruments (continued)

Trade and other payables
Trade and other payables are initially measure at fair value and subsequently at amortised cost. Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into Sterling using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

Bank loans and overdrafts
All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expenses are recognised on the basis of the effective interest method and are included in finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2. Accounting policies (continued)

2.15 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income 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.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an Annual General Meeting.

2.18 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the lessee. All other leases are classified as operating leases.

2.18 Leases (continued)

Finance Lease - Lessee

Rights to assets held under finance leases are recognised as assets of the Group at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are included in property, plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

Operating Lease – Lessee

Rentals payable under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the term of the relevant lease.

Operating Lease – Lessor

Rental receipts under an operating lease are recognised as income in the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term.

2. Accounting policies (continued)

2.19 Employee benefits

Short Term Employee Benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Consolidated Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

Termination benefits

The entity recognises the expense and corresponding liability for termination benefits when it is demonstrably committed to either of the following scenarios:

a. The termination of the employment of an employee or group of employees before the normal retirement age, or
b. The provision of termination benefits in relation to an offer made to encourage voluntary redundancy.

The value of such benefit is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

2.20 Provisions and contingencies

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event; it is probable that the Group will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks to a specific obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised.

2.21 Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

2. Accounting policies (continued)

2.22 Research and development

Research and development expenditure is charged to the Consolidated Statement of Comprehensive Income in the year in which it is incurred.

2.23 Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market. In respect of investment properties, the fair value is based on the continuing use basis of the properties.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

3. Segment reporting

Components reported to the chief operating decision maker (CODM) are not separately identifiable. The group makes varied sales to its customers but none are a separately identifiable component. The following information is disclosed:

	2019 £	2018 £
Sale of goods	14,121,607	10,490,687
Sale of services	2,787,392	2,248,797
	16,908,999	12,739,484

All revenue occurred in the United Kingdom.

The operating segment information is the same information as provided throughout the consolidated financial statements and are therefore not duplicated.

The Group is not reliant upon any major customer.

4. Expenses by nature

The Administrative expenses have been arrived at after charging:

	2019 £	2018 £
Wages and salaries	2,064,106	1,201,113
Travel and entertaining costs	264,992	210,282
Supplies costs	80,541	51,916
Professional costs	371,095	237,295
Depreciation costs	430,676	318,548
Rates and utilities costs	120,734	185,648
Property maintenance costs	116,187	70,742
Advertising costs	171,869	-
Other costs	122,484	(2,416)
	3,742,684	2,273,128

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

5. Other operating income

	2019 £	2018 £
Rent receivable	27,719	94,175
Other miscellaneous income	-	84,000
	27,719	178,175

6. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	430,676	318,548
Stock recognised as an expense	9,189,297	7,063,405
Research and development charged as an expense	226,653	178,737
AIM listing costs	598,645	-
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	45,000	12,000
Fees payable to the Group's auditor and its associates for the audit of the Group's interim financial statements	6,000	-
Fees payable to the Group's auditor and its associates for non-audit services	90,000	12,848
Defined contribution pension cost	19,235	6,054

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

7. Net finance costs

	2019 £	2018 £
Finance expenses		
Bank loan interest	45,833	46,786
Interest on overdue tax	2,682	-
Finance income		
Bank interest received	(6,981)	(1,114)
	41,534	45,672

8. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	1,840,896	1,085,515
Social security costs	174,848	90,537
Pension costs	19,235	6,054
Private health	29,127	19,007
	2,064,106	1,201,113

The average monthly number of employees, including directors, for the year was 67 (2018 – 54).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

9. Dividends

	2019 £	2018 £
Interim dividend of 11.0p per ordinary share	-	89,910
Interim dividend of 16.0p per ordinary share	-	322,000
Interim dividend of 20.0p per ordinary share	-	109,916
Interim dividend of 1.2 per ordinary share	480,000	-
Final dividend of 1.4p per ordinary share proposed and paid during the year relating to the previous year's results	560,000	-
	1,040,000	521,826

Since the year end the Directors proposed the payment of a final dividend of 2.4 pence (2018 – 1.4 pence) per share totaling £960,000 (2018 - £1,040,000) for the year ended 31 March 2019.

10. Directors remuneration

The Directors' remuneration is disclosed within the Directors' Remuneration Report on page 20. The Directors are considered key management personnel. Employers NIC paid on Directors' remuneration in the year was £49,541 (2018 - £3,657)

11. Exceptional items

	2019 £	2018 £
AIM listing costs	598,645	-
	598,645	-

12. Taxation

		2019 £	2018 £
Corporation tax			
	Current tax on profits for the year	716,221	519,523
	Adjustments in respect of previous periods	8,979	65,117
Deferred tax			
	Arising from origination and reversal of temporary differences	81,913	(16,587)
	Adjustments in respect of previous periods	(823)	
Taxation on profit on ordinary activities		806,290	568,053

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 – lower than) the standard rate of corporation tax in the UK of 19% (2018 – 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	3,808,706	3,335,650
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	723,654	633,774
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	52,294	4,781
Adjustment in research and development tax credit leading to a decrease in the tax charge	(55,983)	(39,520)
Deferred tax on revalued investment properties	78,169	
Adjustments to tax charge in respect of prior periods	8156	65,117
Employee share scheme relief	-	(72,960)
Capital receipt	-	(10,827)
Other adjustments	-	(12,312)
Total tax charge for the year	806,290	568,053

Factors that may affect future tax charge

In the 2016 Budget the Government announced a further reduction to the main rate of UK corporation tax from 1 April 2020, setting the rate at 17%. Where applicable deferred tax assets and liabilities reflect these rates.

The capital allowances special rate for qualifying plant and machinery assets will be reduced from 8% to 6% from 6 April 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

13. Deferred taxation

	2019 £	2018 £
Balance brought forward	141,313	174,870
Charged to the statement of comprehensive income:		
Changes in tax rates	-	(16,970)
Charged to profit and loss:		
Deferred tax on revalued investment properties	78,169	-
Accelerated capital allowances	3,744	(16,587)
Adjustments to tax charge in respect of prior periods	(823)	-
Balance carried forward	222,403	141,313

	2019 £	2018 £
Accelerated capital allowances	77,301	74,380
Property revaluations (including indexation)	145,102	66,933
	222,403	141,313

Movements in deferred tax in direct relation to property revaluation are recognised immediately against the revaluation reserve.

14. Property, plant and equipment

	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation					
At 1 April 2017	2,705,852	508,843	189,167	702,532	4,106,394
Additions	-	284,561	148,756	97,371	530,688
Transfers to investment property	(205,852)	-	-	-	(205,852)
At 31 March 2018	2,500,000	793,404	337,923	799,903	4,431,230
Depreciation					
At 1 April 2017	-	410,794	55,517	305,851	772,162
Charge for the year	-	58,092	63,049	197,407	318,548
At 31 March 2018	-	468,886	118,566	503,258	1,090,710
Net book value					
At 31 March 2018	2,500,000	324,518	219,357	296,645	3,340,520

During the year to 31 March 2018, a property was transferred to investment property due to a change in use.

	Assets under construction £	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation						
At 1 April 2018	-	2,500,000	793,404	337,923	799,903	4,431,230
Additions	1,570,793	-	310,248	54,387	202,519	2,137,947
At 31 March 2019	1,570,793	2,500,000	1,103,652	392,310	1,002,422	6,569,177
Depreciation						
At 1 April 2018	-	-	468,886	118,566	503,258	1,090,710
Charge for the year	-	-	156,007	85,730	188,939	430,676
At 31 March 2019	-	-	624,893	204,296	692,197	1,521,386
Net book value						
At 31 March 2019	1,570,793	2,500,000	478,759	188,014	310,225	5,047,791

The 2018 & 2019 valuations in respect of the freehold property were made by the directors, on an open market value for existing use basis. The valuations by the directors were made at the end of each financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

14. Property, plant and equipment (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

Motor vehicles	-	33,512
Fixtures & fittings	-	12,407
	-	45,919

If the Freehold properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

Historic cost	1,977,645	1,977,645
	1,977,645	1,977,645

15. Investment property

	Freehold Investment property £
Valuation	
At 1 April 2017	321,596
Disposals	(184,819)
Transfers from property, plant and equipment	205,852
At 31 March 2018	342,629
Additions	-
Disposals	(136,779)
Revaluations	444,148
At 31 March 2019	649,998

A freehold property was reclassified to an investment property in the prior year due to a change in use.
The 2018 and 2019 valuations were made by the directors, on an open market value for existing use basis after comparison to similar properties in the surrounding area.

The fair value of the investment property has not been adjusted significantly for the purpose of financial reporting. The fair value of investment property is categorised as a level 3 recurring fair value measurement. The reconciliation of opening and closing fair value is the same as disclosed above.
Investment properties with a carrying value of £649,998 (2018 - £342,629) are used in operating leases. The Group received rental income in relation to these operating leases amounting to £27,719 (2018 - £38,889).

16. Non-current Assets held for sale

	2019 £	2018 £
Investment property	649,998	-

The investment property is presented as held for sale following its disposal as part of a compulsory purchase order post balance sheet date at its realised value in the sale post year end.

17. Inventories

	2019 £	2018 £
Finished goods and goods for resale	909,716	709,212

Inventories are charged to cost of sales in the Consolidated Statement of Comprehensive Income.

18. Trade and other receivables

	2019 £	2018 £
Trade receivables	1,345,105	1,429,182
Other receivables	201,037	27,539
Prepayments	39,206	103,374
	1,585,348	1,560,095
Non-current	52,861	259,459
Current	1,532,487	1,300,636
	1,585,348	1,560,095

The fair value of those trade and other receivables classified as financial assets at amortised cost are disclosed in the financial instruments note.

The Group's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in the financial risk management and impairment of financial assets note.

All non-current assets are due within three years of the statement of financial position date.

19. Share capital

		2019 £	2018 £
12,316,500 £0.000004	Ordinary A Shares	-	49.27
10,557,000 £0.000004	Ordinary B Shares	-	42.23
7,038,000 £0.000004	Ordinary C Shares	-	28.18
5,278,500 £0.000004	Ordinary D Shares	-	21.11
2,000,000 £0.000004	Ordinary E Shares	-	8.00
810,000 £0.000004	Ordinary F Shares	-	3.24
2,000,000 £0.000004	Ordinary G Shares	-	8.00
40,000,000	Ordinary shares of £0.01 each	400,000	-
		400,000	160

All shares rank equally in all respects.

On 4 June 2018, a bonus issue was made in the proportion of 2,500 shares for every one existing Ordinary share held. Immediately after the bonus issue the 100 billion £0.000004 Ordinary shares in issue were consolidated into 40,000,000 Ordinary shares of £0.01 each. No amendment to the rights and restrictions as set out in the Company's Articles of Association were made.

20. Reserves

The following describes the nature and purpose of each reserve within equity:

Capital redemption reserve
Amounts transferred from share capital on redemption of issued shares.

Revaluation reserve
Gain/(losses) arising on the revaluation of the Group's property (other than investment property)

Retained earnings

All other net gains and losses and transactions with owners (e.g. dividends, fair value movements of investment property) not recognised elsewhere.

21. Borrowings

	2019 £	2018 £
Non-current borrowings		
Bank loans	1,937,577	1,452,334
Net obligations under finance leases and hire purchase contracts	-	5,043
	1,937,577	1,457,377
Current borrowings		
Bank loans	212,183	157,409
Net obligations under finance leases and hire purchase contracts	-	28,185
	212,183	185,594

Bank loans of £2,149,760 (2018 - £1,609,743) are secured via fixed charges over specific properties and floating charges upon certain assets held by the Group. Interest rates of 1.65-2.23% above Bank of England base rate are charged on the loans. The loans are repayable in monthly instalments with final payments due between November 2020 and April 2028. The repayment dates can be extended as agreed with the bank by obtaining a new loan product.

Net obligations under finance leases and hire purchase contracts of £Nil (2018 - £33,228) are secured on the assets to which they relate.

22. Leases

Operating Leases – Lessee

The Group leases a building and cars under non-cancellable operating lease agreements.

The total future value of minimum lease payments is as follows:

	2019 £	2018 £
Land and buildings		
Not later than 1 year	45,000	45,000
Later than 1 year and not later than 5 years	23,671	67,500
Total	68,671	112,500
Other		
Not later than 1 year	-	667
Later than 1 year and not later than 5 years	-	-
Total	-	667

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

22. Leases (continued)

Operating Leases – Lessor

One investment property (2018 – two) is leased. The total future value of minimum lease payments is due as follows:

	2019 £	2018 £
Not later than 1 year	50,496	75,246
Later than 1 year and not later than 5 years	46,346	96,784
Total	96,842	172,030

23. Trade and other payables

	2019 £	2018 £
Trade payables	602,113	734,859
Other taxation and social security	249,497	99,899
Other payables	250,256	419,280
Accruals and deferred income	430,021	239,310
	1,531,887	1,493,348

The fair value of the trade and other payables classified as financial instruments are disclosed in the financial instruments note.

The Group's exposure to market and liquidity risks related to trade and other payables is disclosed in the financial risk management and impairment of financial assets note. The Group pays its trade payables on terms and as such trade payables are not yet due at the statement of financial position dates.

Included within Other payables are amounts due to directors of £77,143 (2018 - £14,667).

24. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £19,235 (2018 - £6,054). Contributions totalling £9,201 (2018 - £1,205) were payable to the fund at the statement of financial position date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

25. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation. Related party transactions are considered to be at arms-length.

Included within other payables are amounts due to directors of £77,143 (2018 - £14,667). During the year amounts of £250,000 were loaned to the directors which were repaid in full. Interest has been charged at the official HMRC beneficial loan rate and included as a benefit in kind.

Details of amounts paid to key management personnel which includes executive and non-executive directors are included within note 10.

During the year the Group made sales to companies under the control of the directors. All sales were made on an arms-length basis. These are detailed as follows:

Mr Sukh Chamdal	2019 £ Sales	2019 £ Balance	2018 £ Sales	2018 £ Balance
S & S Cakes Limited	234,337	-	243,495	-
Cake Box (Gravesend) Limited *	129,143	6,242	126,928	-
Cake Box (Maidstone) Limited *	120,054	8,180	-	-
Cake Box (Strood) Limited *	106,813	4,431	-	-
Cake Box (Crawley) Limited *	195,017	13,541	-	-
	785,364	32,394	370,423	-

*These stores are owned by Sukh Chamdal's Daughter who is over 18 years old.

Mr Pardip Dass	2019 £ Sales	2019 £ Balance	2018 £ Sales	2018 £ Balance
Cake Box (Barking) Limited	215,937	-	183,214	-
Cake Box (Walthamstow) Limited	-	-	92,170	6,350
	215,937	-	275,384	6,350

Cake Box (Walthamstow) Limited ceased to be a related party during the year.

Dr Jaswir Singh	2019 £ Sales	2019 £ Balance	2018 £ Sales	2018 £ Balance
Luton Cake Box Limited	363,569	-	338,313	-
Peterborough Cake Box Limited	190,617	-	120,139	(2,295)
Cream Cake Limited	250,039	-	142,592	74,000
MK Cakes Limited	242,332	666		
Leicester Cake Box Limited	-	-	192,759	2,258
	1,046,557	666	793,803	73,963

Leicester Cake Box Limited ceased to be a related party during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

26. Financial instruments

In common with other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The significant accounting policies regarding financial instruments are disclosed in note 2.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in this note.

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

Loans and receivables

	Held at amortised cost	
	2019 £	2018 £
Cash and cash equivalents	3,082,044	2,505,657
Trade and other receivables	1,365,853	1,456,721
	4,447,897	3,962,378

Financial Liabilities

	Held at amortised cost	
	2019 £	2018 £
Trade and other payables	1,282,392	1,393,449
Secured borrowings	2,149,760	1,642,971
	3,432,152	3,036,420
Net	1,015,745	925,958

There is no significant difference between the fair value and carrying value of financial instruments.

27. Financial risk management

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the company's finance function. The board receives regular reports from the Finance Director through which it reviews the effectiveness of processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

27. Financial risk management (continued)

Credit risk and impairment

Credit risk arises principally from the Group's trade and other receivables. It is the risk that the counter party fails to discharge its obligation in respect of the instrument. The maximum exposure to credit risk equals the carrying value of these items in the financial statements as the group has the power to stop supplying the customer until payment is received in full.

Definition of default

The loss allowance on all financial assets is measured by considering the probability of default.

Receivables are considered to be in default when the principal or any interest is more than 90 days past due, based on an assessment of past payment practices and the likelihood of such overdue amounts being recovered.

Determination of credit-impaired financial assets

The company considers financial assets to be 'credit-impaired' when the following events, or combinations of several events, have occurred before the year-end:

- significant financial difficulty of the counterparty arising from significant downturns in operating results and/or significant unavoidable cash requirements when the counterparty has insufficient finance from internal working capital resources, external funding and/or group support;
- a breach of contract, including receipts being more than 240 days past due;
- it becoming probable that the counterparty will enter bankruptcy or liquidation.

Write-off policy

Receivables are written off by the Company when there is no reasonable expectation of recovery, such as when the counterparty is known to be going bankrupt, or into liquidation or administration. Receivables will also be written off when the amount is more than 300 days past due and is not covered by security over the assets of the counterparty or a guarantee.

Impairment of trade receivables

The company calculates lifetime expected credit losses for trade receivables using a portfolio approach. Receivables are grouped based on the credit terms offered and the type of product sold. The probability of default is determined at the year-end based on the aging of the receivables, historical data about default rates on the same basis. That data is adjusted if the company determines that historical data is not reflective of expected future conditions due changes in the nature of its customers and how they are affected by external factors such as economic and market conditions.

In accordance with IFRS 9, the Group performed a year end impairment exercise to determine whether any write down in amounts receivable was required, using an expected credit loss model. The expected loss rate for receivables less than 90 days old is 0% on the basis of the group's history of bad debt write offs and above 90 days has not been considered on the basis of immateriality.

As at 31 March 2019, the total loss allowances against the Group's financial assets were £nil (2018: £nil) and no charge to the income statement was recognised.

27. Financial risk management (continued)

Liquidity risk

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

The Board receives cash flow projections on a regular basis which are monitored regularly. The Board will not commit to material expenditure in respect of its ongoing development programme prior to being satisfied that sufficient funding is available to the Group to finance the planned programmes.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

Borrowings	2019 £	2018 £
Borrowings – Due within one year	212,183	185,594
Borrowings – Due between one to five years	1,937,577	1,457,377
	2,149,760	1,642,971

Trade and other payables	2019 £	2018 £
0 to 30 Days	1,373,847	1,302,922
30 to 60 Days	40,971	130,533
60 to 90 Days	(593)	72,069
90 to 120 Days	-	(33)
120 Days to 1 year	468	(12,143)
	1,414,693	1,493,348

Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining good relationships with banks and other lending providers and by ensuring cash reserves are high enough to cover the debt. Where possible fixed terms of interest will be sought.

The Group analyses the interest rate exposure on a regular basis. A sensitivity analysis is performed by applying a simulation technique to the liabilities that represent major interest-bearing positions. Various scenarios are run taking into consideration refinancing, renewal of the existing positions, alternative financing and hedging. Based on the simulations performed, the impact on profit or loss and net assets of a 25 basis-point shift (being the maximum reasonable expectation of changes in interest rates) would be a change of £5,374 (2018 - £4,024). The gain or loss potential is then compared to the limits determined by management.

Capital risk management

The Group considers its capital to comprise its ordinary share capital and retained profits as its equity capital. In managing its capital, the Group's primary objective is to provide return for its equity shareholders through capital growth and future dividend income. The Group's policy is to seek to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues or the issue of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

Details of the Group's capital are disclosed in the Statement of Changes in Equity.

There have been no other significant changes to the Group's management objectives, policies and procedures in the year nor has there been any change in what the Group considers to be capital.

28. Post statement of financial position events

Post year end the Group has declared dividends of £960,000 (2018 - £350,000).

After the balance sheet date an investment property was sold as part of a compulsory purchase order. As at 31 March 2019 the carrying value of the property was £649,998, which represented its realised value.

29. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal Activity
Eggfree Cake Box Ltd	United Kingdom	Ordinary	100%	Franchisor of specialist cake store
Chaz Ltd	United Kingdom	Ordinary	100%	Property rental company

The above subsidiaries have the same registered office address as Cake Box Holdings Plc.

30. Notes supporting statement of cashflows

	2019 £	2018 £
Cash at bank available on demand	3,081,971	2,505,557
Cash on hand	189	100
	3,082,160	2,505,657

Significant non-cash transactions from financing activities include the issue of two new bank loans during the year (2018 – none).

Non-cash transactions from financing activities are shown in the reconciliation of liabilities from financing transactions (Next page)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	Non-current borrowings	Current borrowings	Total £
As at 1 April 2017	1,723,544	197,459	1,921,003
Cash flows			
Repayments	(266,167)	(11,865)	(278,032)
Non-Cash flows:			
Non-current loans becoming current during the year	-	-	-
As at 31 March 2018	1,457,377	185,594	1,642,971
Cash flows			
Repayments	(257,066)	(106,145)	(363,211)
New bank loans	792,040	77,960	870,000
Non-Cash flows:			
Non-current loans becoming current during the year	(54,774)	54,774	-
As at 31 March 2019	1,937,577	212,183	2,149,760

31. Ultimate controlling party

The Group considers there is no ultimate controlling party.

32. Earnings per share

	2019 £	2018 £
Profit after income tax attributable to the owners of Cake Box Holdings Plc	3,002,416	2,767,597
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	40,000,000	40,000,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	40,000,000	40,000,000
	Pence	Pence
Basic earnings per share	7.51	6.92
Diluted earnings per share	7.51	6.92
Excluding exceptional AIM listing costs and fair value uplift		
Basic earnings per share	7.90	6.92
Diluted earnings per share	7.90	6.92

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

Cake Box Holdings Plc | Company no. 08777765

	Note	2019 £	2018 £
Assets			
Non-current assets			
Investments	4	200	200
Current assets			
Trade and other receivables	5	445,614	50,714
Cash and cash equivalents	6	94	110
		445,708	50,824
Total Assets		445,908	51,024
Equity and Liabilities			
Issued share capital	7	400,000	160
Capital redemption reserve		40	40
Retained earnings		42,878	47,834
Total Equity		442,918	48,034
Current liabilities			
Trade and other payables	8	2,990	2,990
		2,990	2,990
Total Equity and Liabilities		445,908	51,024

The financial statements were approved by the board on 21 June 2019

As permitted by Section 408 of the Companies Act 2006, no separate Statement of Comprehensive Income is presented in respect of Cake Box Holdings Plc. Its profit for the year ended 31 March 2018 was £1,434,884 (2018 - £578,836).

Pardip Dass
Chief Financial Officer

COMPANY CASHFLOW STATEMENT AS AT 31 MARCH 2019

Cash flows from operating activities

	2019 £	2018 £
Profit before income tax	1,412,713	578,836
Adjusted for:		
Increase in trade and other receivables	(515,422)	(50,714)
(Decrease)/Increase in trade and other payables	-	(6,296)
Cash generated in operations	1,039,984	521,826
Taxation paid	-	-
Net cash generated from operating activities	1,039,984	521,826
Cash flows from financing activities		
Dividends paid	(1,040,000)	(521,826)
Net cash used in from financing activities	(1,040,000)	(521,826)
Net decrease in cash and cash equivalents	(16)	-
Cash and cash equivalents brought forward	110	110
Cash and cash equivalents carried forward	94	110

The notes on pages 68 - 71 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Share capital £	Capital redemption reserve £	Retained earnings £	Total £
At 1 April 2017	160	40	(9,176)	(8,976)
Total comprehensive income for the year	-	-	578,836	578,836
Dividends paid	-	-	(521,826)	(521,826)
At 31 March 2018	160	40	47,834	48,034
Total comprehensive income for the year	-	-	1,412,713	1,412,713
Share bonus issue	399,840	-	(399,840)	-
Dividends paid	-	-	(1,040,000)	(1,040,000)
At 31 March 2019	400,000	40	20,707	420,747

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES

The accounting policies of the Company are shown in the Consolidated Financial Statements on pages 28 - 69.

1.1 Investment in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment.

2. Staff costs

The Company had no employees during the year. No Directors received remuneration from the Company during the year.

The average number of employees, including directors, during the year was 6 (2018 – 2).

3. Dividends

	2019 £	2018 £
Dividends paid	1,040,000	521,826
	1,040,000	521,826

4. Directors' remuneration

Directors emoluments	352,500	-
Social security costs	42,188	-
Company contributions to defined contribution pension schemes	2,152	-
	396,840	-

The directors service contracts were transferred to the Company upon listing. Please see note 10 in the consolidated notes for full directors' remuneration.

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

5. Investment in subsidiary undertakings

	Investments in subsidiary companies £
Cost	
At 1 April 2018	200
At 31 March 2019	**200**
Net book value	
At 31 March 2019	**200**
At 31 March 2018	200

The following companies are the principal subsidiary undertakings at 31 March 2019 and are all consolidated:

Subsidiary undertakings	Country of incorporation	Class of share	Percentage of shares held
Eggfree Cake Box Ltd	England and Wales	Ordinary	100%
Chaz Ltd	England and Wales	Ordinary	100%

The principal activity of these undertakings for the last relevant financial year was as follows:

Subsidiary undertakings	Principal activity
Eggfree Cake Box Ltd	Franchisor of specialist cake stores
Chaz Ltd	Property rental company

6. Trade and other receivables

	2019 £	2018 £
Amounts receivable from subsidiaries	565,830	50,408
Other debtors	306	306
	566,136	50,714

The fair value of those trade and other receivables classified as financial assets are disclosed in the financial instruments note.

7. Cash and cash equivalents

	2019 £	2018 £
Cash at bank	94	110

For the purpose of the cash flow statement, cash and cash equivalents comprise the following at 31 March 2019:

Cash at bank	94	110

8. Issued share capital

		2019 £	2018 £
12,316,500 £0.000004	Ordinary A Shares	-	49.27
10,557,000 £0.000004	Ordinary B Shares	-	42.23
7,038,000 £0.000004	Ordinary C Shares	-	28.18
5,278,500 £0.000004	Ordinary D Shares	-	21.11
2,000,000 £0.000004	Ordinary E Shares	-	8.00
810,000 £0.000004	Ordinary F Shares	-	3.24
2,000,000 £0.000004	Ordinary G Shares	-	8.00
40,000,000	Ordinary shares of £0.01 each	400,000	-
		400,000	160

Details of changes in share capital are included at note 18 to the Consolidated Financial Statements.

9. Trade and other payables

	2019 £	2018 £
Accruals	2,990	2,990
	2,990	2,990

10. Capital Commitments

There were no capital commitments at the year end.

11. Key management personnel compensation

Key management personnel compensation is disclosed in Note 10 to the Consolidated Financial Statements.

12. Related party disclosures

The following transactions and balances occurred with related parties:

	2019 £	2018 £
Amounts due from own subsidiaries	565,830	50,408
Management charges to own subsidiaries	1,230,670	-
Dividends received from own subsidiaries	1,395,000	578,836

The above loans are interest free and repayable on demand.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

13. Financial instruments

Details of key risks are included at Note 27 to the Consolidated Financial Statements.

Accessing significant increases in credit risk

The company undertake the following procedures to determine whether there has been a significant increase in the credit risk of its other receivables, including group balances, since their initial recognition. Where these procedures identify a significant increase in credit risk, the loss allowance is measured based on the risk of a default occurring over the expected life of the instrument rather than considering only the default events expected within 12 months of the year-end.

The company's group receivables represent trading balances and interest free amounts advanced to other group companies with no fixed repayment dates.
The company determines that credit risk has increased significantly when:

- there are significant actual or expected changes in the operating results of the group entity, including declining revenues profitability or liquidity management problems, or;
- there are existing or forecast adverse changes to the business, financial or economic conditions that may impact the group entity's ability to meet its debt obligations, and;
- the group entity is unable to rely on the support of other group entities to meet its debt obligations.

Categories of financial instruments

Loans and receivables

	Held at amortised cost	
	2019 £	2018 £
Cash and cash equivalents	94	110
Trade and other receivables	566,136	50,714
	566,230	50,824

Financial Liabilities

	Held at amortised cost	
	2019 £	2018 £
Trade and other payables	2,990	2,990
	2,990	2,990

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

14. Ultimate controlling party

There is no ultimate controlling party.

15. Events after the reporting period

No matter or circumstance has arisen since 31 March 2019 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Cake Box Holdings Plc

Company Information

Directors	N Sachdev	Non-Executive Chair
	S R Chamdal	Co-founder and Chief Executive Officer
	P Dass	Co-founder and Chief Financial Officer
	Dr J Singh	Chief Operating Officer
	M Blair	Non-Executive Director
	A Batty	Non-Executive Director

Company secretary
P Dass

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