Eggfree

Cake Box®

'...making celebrations a piece of cake'

ANNUAL REPORT AND ACCOUNTS

2020

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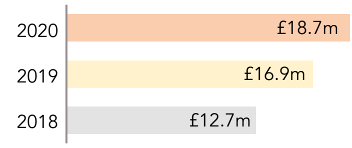
Eggfree Cake Box®

"making celebrations a piece of cake"

2020 Highlights

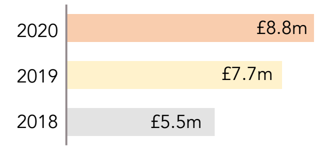
REVENUE
£18.7m
(2019: £16.9m)

+11%



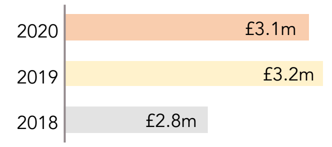
GROSS PROFIT
£8.8m
(2019: £7.7m)

+14%



PROFIT AFTER TAX*
£3.1m
(2019: £3.2m)

-1%



CASH AT BANK	EARNINGS PER SHARE	NET CASH
£3.7m	**7.8p**	**£2.1m**
up £0.6m	+4.1%	up £1.2m
(2019: £3.1m)	(2019: 7.5p)	(2019: £0.9m)

20 NEW STORES OPENED	**12** NEW KIOSKS OPENED	**133** TOTAL NUMBER OF STORES
5.1% LIKE FOR LIKE GROWTH**	**25%** ONLINE SALES GROWTH	**£5.5m** ONLINE ORDERS

*2019 after Exceptional AIM listing cost of £599k and fair value property uplift of £444k
** Like-for-like: Stores trading for at least one full financial year prior to 31st March 2020 (49 weeks to 8th March 2020 used in FY20 due to COVID-19)

About us

The Cake Box journey began in 2008 by opening one small store in the heart of east London after our founders' daughter requested an egg free cake for her birthday. Our mission became to provide the UK market with delicious fresh cream celebration cakes made without eggs, and providing an 'on demand' service to cater for our ever-increasingly busy lives.

We now have 133 franchise stores nationally and have never looked back. We like to think of each other as family, and feel our success is not only due to our commitment to the brand, but extending our family circle to include our staff, franchisees and customers.

We continue to use our high end secret recipe eliminating the egg in all of our products, whilst guaranteeing there is no compromising on the taste, texture or appearance of any of our cakes. We pride ourselves on using only the finest quality and ethically sourced ingredients, and teamed with our commitment to quality and value, means that you will receive a delicious product every time.

Our research & development team are constantly expanding our product range and we are quick and flexible to adapt to new trends to bring fresh products to market. We have launched a new range of vegan loaf cakes, a visually delightful range of 'luscious cupcakes' and are constantly updating the designs of our celebration cakes to incorporate whatever is currently 'trending'.

We have a great social media following who react and drool over each new post and give us fabulous feedback on our new designs.

We are now working with the three main food delivery giants to provide our celebration cakes directly to the doorsteps of our customers. Never has this been more important than in the current climate. So, in the good times, and the not so good times, Cake Box will continue to serve our loyal customers for every celebration and every 'just because we love cake' moment.

Our first store in 2008.

Our stores in 2020.

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 store by 2009. We added a further 2 stores the following year and continued with steady growth thereafter.

In the early years, we attended franchisee shows and advertised on franchisee portals. However, due to the increasing demand from potential franchisees via direct applications from our website, we withdrew all advertising by 2014. We found that this produced a better franchisee model as they had actively sought 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 Stock Exchange's AIM market, further cementing our growth pattern by benefitting from the wider exposure that listing on the Stock Exchange brings.

We will continue to grow in various avenues, with more store openings coupled with newer formats. Our kiosks in shopping malls have been successful in this regard, with franchisees running them as complimentary extensions to their existing stores.

A rapidly growing portfolio of franchise stores

Area	Stores	Kiosks
London within M25	50	2
North East	3	1
North West	8	3
Yorkshire	9	3
East Midlands	14	0
West Midlands	20	0
South East	27	3
Wales	1	0
Scotland	1	0
Total	133	12

*All information correct as of June 2020.

Meet our franchisees

Poonam Panchal
(Proud owner of 1 Store & 1 Kiosk Cake Box Franchise).

" I worked as a Pharmacy Manager for 6 years when I decided to give up my career due to childcare issues. I had been a working woman with a full time responsible job so, staying at home was never going to be an option for me. I was looking to start something of my own, where I could be my own boss but also have the flexibility of looking after my child. Whilst collecting a cake from one of the Cake Box shops it suddenly occurred to me that this could be an ideal business opportunity for me. I spoke to my husband that night and he was very supportive of the idea so we embarked on an investigation to buy a franchise.

It was a very smooth journey from making my initial enquiries to getting full support on how to run the business. The on-boarding process was relatively straight forward and the Directors and Franchise Manager were all very supportive with their help and advice on finding the right shop, finalising and setting it up to open. I now own the shop on Enfield Highway which also happens to be the closest shop to Head Office.

I went through extensive training for four weeks prior to opening. We learnt everything from decorating the cakes to operating the tills and managing the day to day business of the store. After the training, I felt ready and fully confident to take the plunge and start my Cake Box journey knowing I had the ongoing support from the Directors and training team.

In March 2018, we opened the doors of our first Cake Box to the public. After a few inevitable stumbling blocks, with hard work and support from Head Office, the business took off and there has been no looking back. I subsequently opened a kiosk in the Enfield Town Shopping Centre in 2020 and am looking for more opportunities to expand further.

I can now manage my personal and professional life with ease. This feels like the best decision that I ever took and I cannot wait to see what the future with Cake Box holds for me.

" I had worked in retail for over 20 years and had been in a management role for 10 of those years. I knew that I wanted to do more than just work for someone else and it felt the right time to do something for me. With my ambition and drive, I started looking into Franchising.

My husband and I started exploring the different franchise opportunities available as I only wanted to open a franchise that I believed in, with a product that I loved. I was immediately drawn to Cake Box as it was a product that I was familiar with and had enjoyed on many occasions. The food industry was completely new to me, but this was something that didn't scare me as I really felt it was right for me.

After sending my application to Head Office, I was excited to receive an invitation to attend a presentation with the Franchise Manager and Directors. We were given further information on the brand and product, but more importantly, also had the opportunity to speak to them in a group and on a one to one basis.

My husband and I attended the meeting and I immediately felt that this was right for me and that Cake Box was the franchise that I wanted to be a part of and invest my future into.

We researched different areas that we hoped to open our first store in, and decided that Harlesden was the location for us. We went on to open the store in June 2018. Initially, it was a lot of hard work as I was still working full time, but it was worth every minute to know that we were building something that was ours.

Cake Box has been very supportive and the pre-opening training was incredibly helpful in establishing policies and procedures. In March 2019, as the store became more and more successful, I decided to leave my job and dedicate all my energy and resources into growing the business further. I am now looking to open a second store and honestly can't wait."

Tela Dobariya
(Proud owner of a Cake Box Franchise Store).

Chair's Statement

"Our capital light business model and strong balance sheet means we are well placed to weather any ongoing disruption to normal trading conditions. It is difficult to look too far ahead in the current circumstances, but we remain confident that the strategy that has brought us success so far will help us to do so again and I am confident that the team will adapt to the new and emerging challenges."

Neil Sachdev MBE
Chair

RESULTS

The Group delivered another strong performance over the year, with revenues rising by 11% to £18.7 million. This was achieved despite a disruption in sales across our franchise stores as the COVID-19 pandemic started to impact trading during the final month of our financial calendar year in March 2020.

Notwithstanding the challenges presented by COVID-19 towards the end of the year, we have over the last few months of lockdown continued to plan how we can grow the business in line with our plans, ensuring we deliver the Cake Box offering to the whole of the UK over time. During the year, we opened 20 new franchise stores, expanding our regional footprint in new locations including Harlow, Portsmouth and Cardiff, our first store in Wales. We were pleased with the number of franchise stores opened during the year given the disruption to our opening plans at the end of the year due to COVID-19. New openings like these continued to deliver good returns for our franchisees and customer satisfaction remains at high levels as well as increase our geographical reach to more customers.

COVID-19

The COVID-19 pandemic has been unprecedented in scale and impact, and we have taken swift and decisive action to protect our customers, colleagues, franchisees, and the communities in which we operate, by implementing the necessary steps to safeguard our business through the crisis, in line with UK Government guidelines.

Whilst we remain in an uncertain and difficult situation for the country, Cake Box's values have ensured that we do things in the right way. I am very grateful and proud of the efforts of all our staff in Enfield and franchisees across our store estate, who have been supporting the effort in their local communities by sending thousands of our cakes to front line workers, especially the NHS.

There remains much uncertainty about the virus and how long it will continue to impact our business, our customers, and the wider public and economy, but I am confident that we have the financial and operational resilience to withstand the various challenges, emerge from the crisis and return to serving our loyal customer base whilst continuing to pursue our growth plans.

PEOPLE

Guided by our founder-led management team, a core part of our strength lies in the entrepreneurial example they set for our growing network of franchisees, many of whom are running their own businesses for the first time. Some have expanded their business to encompass multiple shops and all are working hard to serve customers in their local communities.

On behalf of the Board and shareholders, I would like to place on record my sincere thanks to all our customers, staff and franchises for their incredible enthusiasm and dedication that has made Cake Box the success it is today, but especially over the last few uncertain and difficult months. I know they will help us to get Cake Box back to growth, reaching many more customers across the UK.

DIVIDEND

Despite the strength of our balance sheet, as previously announced the Board concluded that it was not appropriate to recommend a final dividend for FY20 with the Group's full year results. Given the support the UK Government has given to the Group during the crisis, the Board decided it would have been inappropriate to utilise cash resources for anything other than protecting the financial strength and resilience of the business.

LOOKING AHEAD

While mindful of the challenges brought about by COVID-19, we will remain focused on continuing to deliver our growth plans over the long-term, whilst adapting to the near-term issues. Our capital light business model and strong balance sheet means we are well placed to weather any ongoing disruption to normal trading conditions.

It is difficult to look too far ahead in the current circumstances, but we remain confident that the strategy that has brought us success so far will help us to do so again and I am confident that the team will adapt to the new and emerging challenges.

I am looking forward to continuing to work 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

"I am confident that we have the financial and operational resilience to withstand the various challenges"

CEO Statement

"Life is clearly different to the world we were living in 12 months ago. However, as we emerge into a new sense of normality, there will still be birthdays, marriages and numerous other occasions, large and small, to celebrate up and down the country, with Cake Box's growing family of dedicated franchisees committed to supporting those festivities as best they can."

Sukh Chamdal
Chief Executive Officer

In our second set of full year results since the Company's IPO in 2018, I am pleased to be reporting on another strong performance over the year. These results demonstrate the ongoing appeal of the Cake Box brand and our unique customer proposition, combined with the financial strength of the Group and the strong cash generative nature of our business model.

OVERVIEW

We have continued to develop and expand the Cake Box brand across the UK, maintaining good trading momentum. I am equally pleased with how the business has responded to the unprecedented challenges of COVID-19, which impacted the Group towards the end of our financial year, in March 2020. The pandemic has posed difficulties across the business, and for the nation as a whole, but I am immensely proud of the way in which our staff and franchisees have responded to these challenges.

For the second year in a row, Group revenues increased at a double-digit rate, up by 11%, to £18.7m.

We also made further progress on our strategic priorities over the year, growing our franchise store estate, introducing new product lines and developing our digital marketing. In particular, we extended our geographical footprint in towns and cities in England, as well as opening our first store in Wales.

In addition, we continued to invest in the future growth of the business. This included the opening of our new warehouse and distribution centre in Bradford in late 2019, which has started to deliver efficiencies in both baking capacity and distribution since it became operational.

Response to COVID-19

Like other businesses across the UK and around the world, managing the impact of COVID-19 has been a primary focus for the Group since the outbreak of the pandemic. Our first priority has remained the health, safety and wellbeing of our customers, colleagues, franchisees and their staff and the communities in which we operate across the country.

Following updated UK Government advice on 23 March 2020, we closed all of our franchise stores as we looked to protect our staff, franchisees and customers and also to help relieve any further pressure on our NHS.

We looked at all possible routes to support franchisees amidst the crisis, in particular, assisting them in applying for the Government's Retail, Hospitality and Leisure Grant which has and will continue to provide a significant level of support. We have also been providing franchisees with advice and assistance relating to the furloughing of staff, whilst providing flexibility in certain payment terms where appropriate. In addition, we welcomed the UK Government's announcement that our franchisees will not have to pay business rates for 12 months.

At Group level, we applied to the Government's Job Retention Scheme in relation to Head Office, Warehouse and Bakery staff in order to protect the jobs of the workforce due to the closure during the current crisis. We also took all other appropriate cost saving measures, including cutting discretionary marketing spend.

As a result of the above, noting that our franchise stores have relatively low levels of rent and overheads, we are very confident that our franchisees will be able to navigate this unprecedented period.

As the COVID-19 situation and Government guidance has evolved since the end of March, we have made careful steps to gradually re-introduce a limited service to customers, through our Click & Collect service. As announced on 11 May 2020, having reviewed our operations, consulted with our franchisees and listened to their employees and customers, we finalised new ways of working that allowed franchisees to begin to open their stores, whilst ensuring the safety of our franchisees and their employees by putting into place social distancing measures and issuing appropriate personal protective equipment (PPE) to all franchisees for their staff.

Accordingly, as at 1 June 2020, we had 131 of the 133 franchise stores open, offering a limited menu of products. Initial demand from customers has been encouraging, with 75% of stores trading at pre COVID-19 levels.

Production has now resumed across all sites, where we have also implemented new health and safety procedures and are operating with reduced staffing levels to maintain the appropriate distancing.

We will continue to keep all measures under review, prioritising the safety of all of our stakeholders.

SALES

We achieved impressive growth in franchisee total turnover during the year, which rose by 19% to £36.5m, despite the impact of COVID-19 in the final month.

We saw continued strong growth in franchisee online sales which were up 25% to £5.5 million (FY19: £4.4 million), as customers increasingly enjoyed the convenience of our Click-and-Collect service. Online orders are processed centrally through the Group's website with orders fulfilled through our franchise estate.

Franchise store like-for-like sales were also strong, increasing by 5.1% up to 8 March 2020. However, the Group saw a reduction in sales across its franchise stores as the COVID-19 crisis developed during the remainder of March 2020 and resulted in total like-for-like franchise store sales growth for the full year to 31 March 2020 of 2.0% (FY19: 6.5%).

OUTLOOK

131 of the 133 stores have now re-opened and our production facilities continue to ramp back up to meet an increasing demand, with both operating under new guidelines to ensure the safety of all of our stakeholders. Whilst COVID-19 has inevitably impacted performance of our new financial year and will continue to do so. We have seen an improving sales trend, with sales in the first week of June showing positive like for like. Around 75% of our stores[1] are now trading at pre-COVID-19 Levels[2]. We continue to closely monitor the market environment and our operational planning remains dynamic.

"Our first priority has remained the health, safety and wellbeing of our customers, colleagues, franchisees and their staff"

We are investing further in our online and digital capabilities to ensure customers everywhere can access our products from a choice of channels that are convenient for them. This has become more important than ever amidst the current pandemic and we have seen our '**Click and Collect**' service go from strength to strength as we look for new ways to serve our customers in line with Government guidelines. Since re-opening the majority of our stores at the end of May, online sales since for the period end were up c.60% compared to the previous year period.

Additionally, in May, we launched home delivery of cakes via **Uber Eats and Just Eat** with encouraging customer response and have very recently onboarded with **Deliveroo**.

Life is clearly different to the world we were living in 12 months ago. However, as we emerge into a new sense of normality, there will still be birthdays, marriages and numerous other occasions, small and large, to celebrate up and down the country, with Cake Box's growing family of dedicated franchisees committed to supporting those festivities as best they can.

We remain confident that our proposition to potential new franchisees remains attractive. We have a strong pipeline in place to help continue to grow the Cake Box family and are developing new, innovative ways to work with our existing partners, including the expanded trial of our shopping centre kiosks.

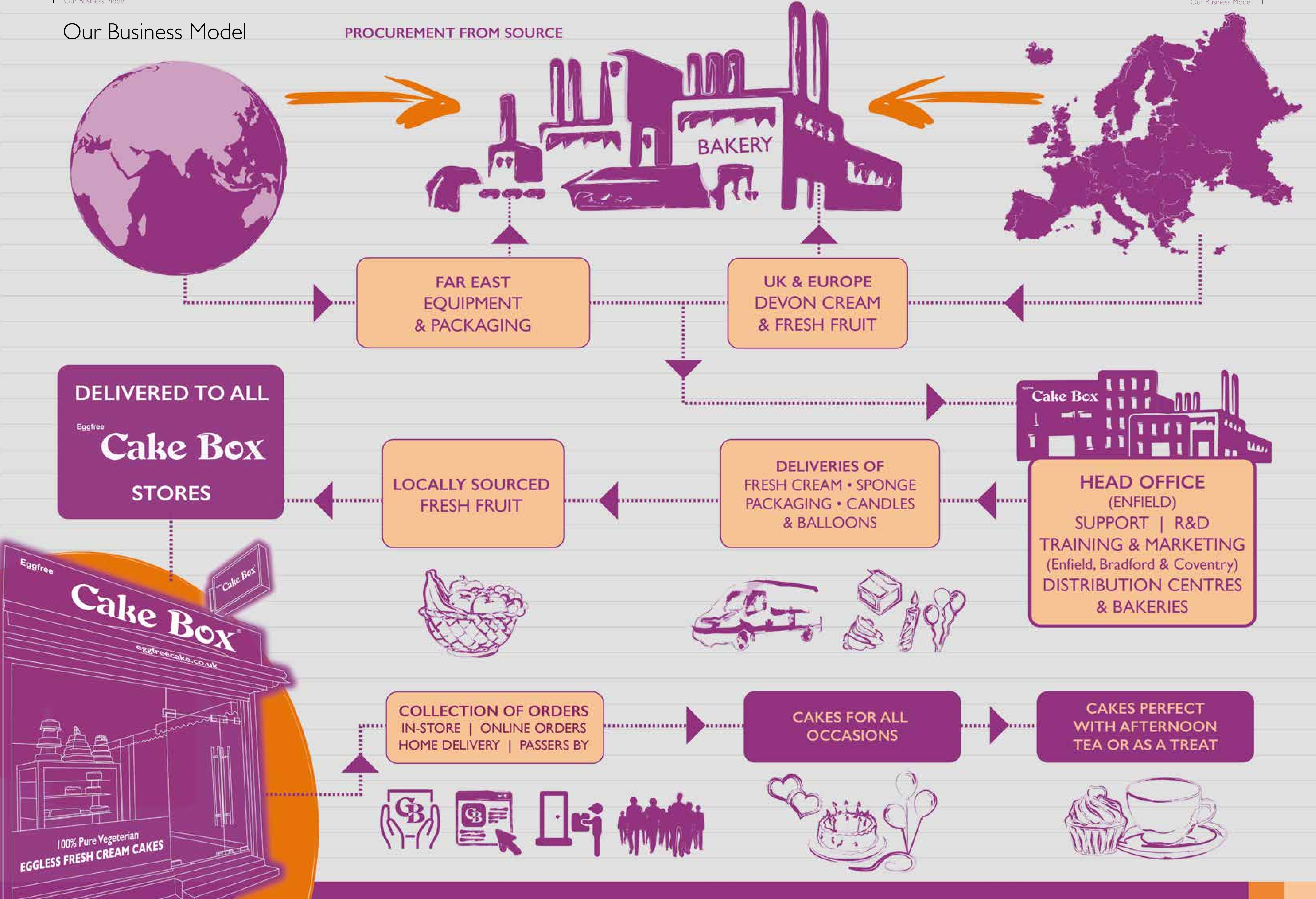
With our strong balance sheet, the actions we are taking to reduce costs and our resilient business model, we remain confident in the Group's future prospects.

1 Current trading defined as average store turnover for last two weeks to week ended 7 June 2020

2 Pre Covid-19 trading levels calculated as average turnover for seven weeks prior to week ended 15 March 2020

Sukh Chamdal
Chief Executive Officer

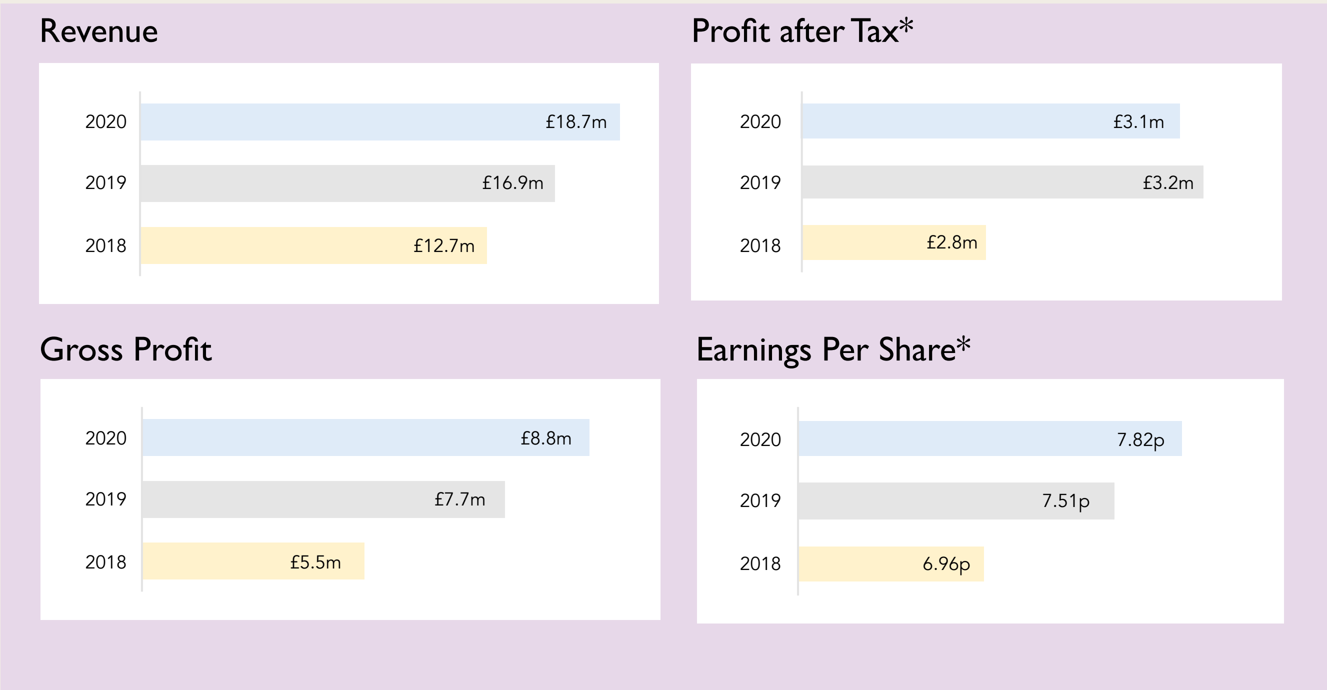
Our Business Model



Financial Review

"We have delivered another year of excellent financial performance despite COVID-19 spoiling the party in the final month of the financial year"

Pardip Dass
Chief Financial Officer



*2019 after Exceptional AIM listing cost of £599k and fair value property uplift of £444k

REVENUE

Reported revenue for the year to 31 March 2020 was £18.7m. Revenue increased by 11% compared to the previous financial year. This was achieved through an increase in store like-for-like sales and with the addition of 20 new stores and 12 new kiosk openings in shopping centres around the UK in new locations including Liverpool, Middlesbrough and Basildon.

GROSS MARGIN

Gross Profit as a percentage of sales improved from 45.7% to 46.7% as the overall sales were weighted higher on sponges sales which has a much higher Gross Profit percentage.

ADJUSTED EBITDA

EBITDA fell by 3.2% to £4.3m, impacted, as expected, given that

FY19 included nine months of additional plc costs (compared to 12 in this period). This led to a modest decrease in adjusted PBT to £3.8m from £4.0m in the prior year.

BALANCE SHEET

Cake Box has a strong balance sheet with a cash balance at the year-end of £3.7m. The Group's only debt is a mortgage of £1.6m secured by its freehold properties in Enfield and Coventry. The Enfield Warehouse has been revalued at £3.9m, a £1.4m increase on its previous Net Book Value of £2.5m.

The Group operates a franchise model and therefore has a relatively low and flexible cost base. Following the cost saving measures described above in response to COVID-19, the Group had a monthly cash burn of c.£200k while its franchise stores were shut at the end of March and into April. This burn rate has receded as we have gradually reopened 131 of the 133 stores.

The Board is therefore very comfortable with the Group's cash levels and liquidity despite the closure of its franchise stores in the final month of the financial year.

TAXATION

The effective rate of taxation was 16.9% (2019: 21.0%). This is slightly lower due to additional relief obtained in Research and Development costs.

EARNINGS PER SHARE (EPS)

Underlying basic and diluted earnings per share were 7.82p and 7.74 respectively (2019: 7.51p). The number of shares in issue was 40,000,000 and is unchanged since the Company's IPO in June 2018.

DIVIDENDS

The Board feels that it is not appropriate to recommend a final dividend for FY20 with the Group's full year results. The Board recognises the importance of income to many of the Group's shareholders and will continue to assess when it is appropriate to recommence dividend payments.

CASH POSITION

The Group had £3.7m of cash at year end, an increase of £0.6m. At the year end, the Group has a net cash position of £2.1m which was up £1.2m from the previous year.

TRADE AND OTHER RECEIVABLES

The Group had £1.46m of trade and other receivables at 31 March 2020, a marginal decrease on the prior year. The majority of this balance relates to trade receivables which have decreased by 19.7% despite the increase in turnover. Trading debts relating to purchases of products remain low in comparison as credit terms have a strict seven day payment term.

TRADE AND OTHER PAYABLES

The Group had £1.49m of trade and other payables at the year end, a decrease of 2.5% on the prior year. The Group actively sources cost effective suppliers without compromising on the quality of the products. Other payables are paid according to terms specified.

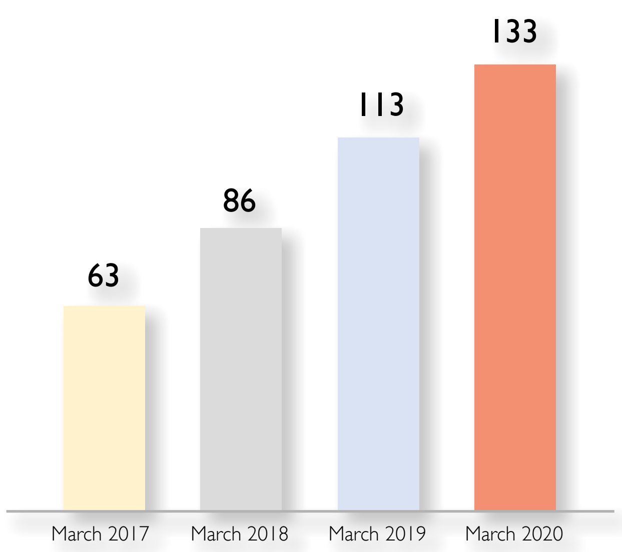
Pardip Dass
Chief Financial Officer

Operational Review

"We believe that the focus we have on our people and our franchisees will allow us to continue delivering resilient sales growth"

Dr. Jaswir Singh
Chief Operating Officer

Number of stores



STORES

The Group opened 20 new franchise stores in the year, taking the total number of franchise stores to 133 at the year-end. New openings during the year included our first Welsh store, in Cardiff, whilst we also expanded the successful initial small trial of shopping centre kiosks to 12 locations, operated by local franchisees as an extension to their existing stores.

This maximises the efficiency of the operation and allows access to a wider customer base, with limited additional overheads and relatively low capital outlay when compared with the set-up costs of a new store.

The kiosks have performed very well to date, delivering similar average weekly sales to our traditional franchise stores, driven by strong demand for 'grab-and-go' products like cake slices in high footfall locations.

Although there was an impact on the timing of openings as a result of COVID-19, during March 2020, the Group has a strong pipeline of new franchise store openings. Since the start of the new financial year we have opened two new franchise stores, which had been already been fitted out in March.

PRODUCTS

Product innovation is a core part of our strategy as new products create a real buzz with both new and existing customers, who are excited by our evolving range. Accordingly, during the year, we successfully introduced several new products to the menu. This included the launch of a new premium salted caramel fresh cream cake and and an exciting new range of red velvet cakes which have been particularly well-received by customers across our store network. These are individually and expertly decorated by our in-store designers.

STORE FRANCHISE MODEL

Our franchise model has underpinned our success as a business to date, as we have grown to 133 franchise stores operated by 70 franchisees since opening our first shop in 2008. We believe that the focus we have 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.

WAREHOUSE, DISTRIBUTION AND PRODUCTION FACILITIES

Of the two additional warehouse and distribution centres that we purchased in our prior financial year, **Bradford** has become operational. **Coventry** is expected to be operational by the second half of the financial year ending March 2021, later than originally planned due to COVID-19 related delays.

We have installed sponge production capability at the new sites which will enable us to reduce our existing distribution costs and provide a back up to our production facility in Enfield. This has provided us with a more streamlined production and distribution operation, reducing the delivery time to within 90 minutes for 90% of our franchise stores. In turn, this has reduced our annual road miles from 602,000 to 97,000, a saving of over 80% once both sites are fully operational as well as creating skilled employment opportunities in these areas. This also addresses our goals of reducing food delivery miles which helps mitigate our environmental impact.

Dr. Jaswir Singh
Chief Operating Officer

NHS Thank you messages

METROPOLITAN POLICE Thank you messages

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
COVID-19 pandemic	Government action in instigating further lockdown bringing closure of retail operations and temporary shut down of the business.	The group has a strong Balance Sheet to weather any potential lockdown. It has also shown that it can operate safely as a food business during the lockdown period through the delivery platforms that have been established.	Medium
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. There is also a complexity of the supplier chain and we have a unique cake recipe.	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 therefore, all supplies are purchased all supplies are purchased from Cake Box.	Shops are regularly visited by one of four Regional Business Development Managers who oversee new product launches and support shops to maintain standards through audits and training.	Medium
Reliance on key staff	Loss of key management could impact the group's ability to continue the roll out programme within the desired timeframe.	The Group is not reliant on one single individual and seeks to have a deputy for each department. The Remuneration Committee seeks to ensure that key individuals are suitably incentivised to aid retention.	Medium
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. Therefore, 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 under perform 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 under performing franchisees, this may not in itself allow it to stop any such potential damage.	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 franchise stores. Poor audit scores automatically trigger retraining the franchisee and their staff at our in-house training centre which is chargeable.	Low
Failure of significant sites	Potential risks include a disruptive event such as fire, flood or 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 demands.	We recognised this this was an area of high risk with only one site in operation, so last year we took the action of purchasing two additional sites in Bradford and Coventry. Bradford is now operational and provides backup to the Company in both Baking and Warehouse facilities.	Medium then Low towards the end of the year
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 become 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 contingency 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 this can cause purchase prices to be higher and unpredictable. Brexit may also reduce consumer spending because of the uncertainty.	Historically at times 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 it could 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

Statement from the Chair of the Nomination Committee

The Nomination Committee is chaired by Neil Sachdev and its other members are Adam Batty and Martin Blair who are all Independent Non-Executive Directors.

The Nominations Committee is responsible for reviewing the structure, size and composition (including the skills knowledge experience and diversity) of the Board and making recommendations to the Board with regard to the changes. The committee considers succession planning taking into account the challenges and opportunities facing the company now and in the future. The Committee regularly reviews the skills and expertise needed on the board and in management, to ensure we are able to deliver our aims and objectives for the longer term. The Committee regularly reviews the leadership needs of the organisation to ensure our values are upheld.

The Committee has met once this year and has reviewed its terms of reference.

Time commitments

All Directors have been advised of the time requirement to fulfil their roles prior to appointment and all have confirmed they can fulfil the requirement before they were appointed. This requirement is also included in their letters of appointment.
The Board is satisfied that the Chair and each of the Non-Executive Directors are able to devote sufficient time to the groups business.

Board effectiveness review

No formal Board Evaluation was undertaken this year, as the Board has only recently been formed. We conducted an internal evaluation in February 2020 by way of questionnaire. The findings have been discussed and actions created post the review. Additionally, the Board have met to discuss and evaluate the Chair's performance without his presence.

The Board was satisfied that it was well run, whilst acknowledging areas of improvements for the Board and individuals. The evaluation also tested strategic direction of the company and these items are taken forward to future Board meetings. We shall again carry out an internal review every year with a formal external review in 2021/22.

Continuous Development of Directors

The Directors are all required to keep themselves abreast of changes in relevant legislation and regulations. The Chair and Non-Executives are encouraged to share their wider experiences at Board to enhance the learning experiences at every Board meeting.

Succession Planning and External Appointments

The Board reviews succession planning for the senior management every year and considers the skill gaps in planning its recruitment. All senior appointments have Independent Non-Executive involvement and use of external recruitment advisors is recommended to ensure we do get reach into talent pools.

All new external appointments require the Chair's approval.

Conflicts of Interest

At each meeting the Board considers Directors Conflicts of Interest. The Company's Articles of Association provide for the Board to authorise any or actual Conflicts of Interest.

Independent Professional Advice

Directors have access to independent professional advice at the company's expense. In addition, they also have access to the advice and services of the company advisors.

Directors and Officers Liability insurance

The company has purchased Directors and Officer's Liability insurance during the period as allowed by Company's Articles

Election of Directors and Officers

In accordance with the provisions of the code to enable a smooth rotation of Directors, all Directors will offer themselves up for re-election every year. This year, Neil Sachdev, Sukh Chamdal, Dr Jaswir Singh, Pardip Dass, Martin Blair and Adam Batty will offer themselves up for re-election.

Culture and Values

The Board monitors and promotes a value's based corporate culture and has considered how the culture is consistent with the company's objectives, strategy and business model. The Board review staff surveys to ensure that the values of the organisation are fully embedded and actions followed through.

The Board has considered and assessed the culture and continues to monitor its inclusiveness. However, the Board are fully aware of the need to improve Gender balance on the Board and across the organisation at management levels. This is a key action over the coming period.

The group has a Code of Conduct, Anti Bribery and Corruption Policy, modern slavery statements and policies and procedures relating to whistle blowing stating the companies commitment to conducting its business with honesty and integrity, it's expectation that staff will maintain high standards and encouraging prompt disclosure of any suspected wrong doing.

The directives follow the guidance set out by Rule 21 of AIM Rules relating to dealings by directors in the company securities and to this end, the company has adopted an appropriate share dealing code. the company has adopted an appropriate share dealing code.

BOARD MEETINGS

The Board met 10 times into 2019/20, Non-Executive Directors communicate directly with Executive Directors and senior management between formal Board meetings. The Board held the focused dedicated Board meeting on strategy in November 2019 and intends to schedule similiar meetings annually. At this meeting the Board considered key issues relevant to the company as part of the business planning process and reviewed presentations from our advisors' senior management team. Directors are expected to attend all meetings of the Board and the committees on which they sit and devote sufficient time to the company's affairs to enable them to fulfil their duties as Directors. In the event the Directors are unable to attend the meeting, their comments on paper to be considered at the meeting will be discussed in advance with the Chair to ensure their contribution can be included in the wider Board discussion.

The following table shows Directors at schedules for Board Meetings and Committees during the year.

	Board	Audit	Remuneration	Nomination
Neil Sachdev*	10/10	3/3	2/2	2/2
Sukh Chamdal	10/10			
Pardip Dass	10/10			
Jaswir Singh	10/10			
Adam Batty*	9/10	3/3	2/2	2/2
Martin Blair*	9/10	3/3	2/2	2/2

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

Neil Sachdev
Chair of the Nominations Committee

Board of Directors

Experienced founder led team supported by highly experienced Chair and Non-Executive Directors.

Neil Sachdev MBE (62)

Non-Executive Chair

Neil joined Cake Box as Non-Executive Chair in June 2018.
He is an experienced Non-Executive Director and Chair and has extensive retail experience in Tesco and Sainsbury's. He is currently Chair of Warwick Business School, Bonhill Plc and serves as Non-Executive Director in the public sector.

Neil was awarded his MBE for his work in the retail sector.

Nomination Committee Chair
Audit Committee Member
Remuneration Committee Member

Sukh Chamdal (58)

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 (48)

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 (63)

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 (62)

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 and Starcom plc. 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 (48)

Non-Executive Director

Adam joined the Company as Non-Executive Director in June 2018.
Adam is a corporate lawyer and was previously General Counsel and Company Secretary of Domino's Pizza Group plc and Selfridges Group and has run his own restaurant business. Adam is currently General Counsel and Company Secretary at McCarthy & Stone plc, the FTSE250 house builder.

Adam is a qualified solicitor.

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 2020.

"This is now our second year as a public company and we have continued to improve the internal controls as the Group grows in size. Last year we purchased two new warehouses to reduce our reliance on Enfield as our sole production location, to improve our distribution to more northern franchisees, and reduce road miles. We are in the process of installing a new stock system which will allow us a more integrated and comprehensive view of the stock levels we carry. The warehouse at Bradford had only been open a few weeks before we had to shut it in response to the COVID-19 pandemic and we were finalising the last changes to the new stock system. This project will now be completed once production increases to include Bradford. At the year end the new warehouse at Coventry was still being fitted out so it is shown as an asset under construction in the balance sheet"

INTERNAL CONTROL

The Group's policies, internal control and corporate governance are reviewed periodically and where appropriate they are enhanced and improved:

- 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, however it will keep this under review.

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. RSM conducted the audit of the Group's financial statements for the financial year ended 31 March 2020.

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 was 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 timetable. 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.

This year the audit coincided with the COVID-19 lockdown which presented some unique challenges which the Company and RSM worked together to overcome. The year-end stock take was undertaken at Enfield and Bradford whilst the country was under lockdown. The company provide photographic evidence of the stock in the Bradford warehouse. At the Enfield warehouse where the majority of the stock is held, a stock take was undertaken attended by company staff, appropriately social-distanced and RSM attended virtually by camera and stock was counted to their instruction.

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

In the current year, the Group has applied IFRS 16 (as issued by the IASB in January 2016) which is effective for annual periods that begin on or after 1 January 2019. As at the date of initial application of IFRS 16, 1 April 2019, the impact of the adoption of IFRS 16 on the Group is minimal because the leases in operation fall under the definition of short-term leases and therefore an available exemption was applied.

RISK MANAGEMENT AND CONTROLS

As described on page 11 of the Strategic Report and page 15 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. One of the risks that the company has is its supply chain and we are pleased that we took action early in ordering additional stock for those items that might have been impacted by a delay in delivery. We continually review the suppliers we use and make sure we don't have an overdependence on one supplier and can obtain items from a number of locations meaning any impact on global supply routes is minimised.

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.

Below is set out the Annual Report of the Remuneration Committee (the "Committee"). The report comprises a description of how the Committee operates; a brief overview of the remuneration policy and how we intend to implement it in 2020/21; together with details of compensation paid to the Board of Directors within the financial year.

In the financial year, the Committee undertook a thorough review of the remuneration policy that had originally been introduced in the year following on from admission. This recent review took place to ensure the remuneration levels set were still competitive, recognised the skills and experience of the Executive Directors and reflected the growth in size of the Company since it listed 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 decided that its previous policy was still, in the main, appropriate for the FY19/20 financial year and for the foreseeable future. This policy can be summarised as follows:

- base salaries generally lower than equivalent roles at companies with similar characteristics and sector comparators, recognising the capabilities and strong performance to date and reflecting responsibility levels and complexity of the 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 second year as a public company, the Committee is satisfied that the remuneration policy adopted at 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.

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 at 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 three 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 www.eggfreecake.co.uk.

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 Chairman 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.

The Committee has decided that, in light of the evolving governance regime, effective from the FY21/22 AGM, it will seek shareholder approval (by way of advisory vote) on the Remuneration Report.

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' overall 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

The base salary provides a base level of remuneration to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Company strategy. Base salaries are reviewed on an annual basis, and any increases become effective from the start of the financial year. Originally, as a result of the salary benchmarking exercise undertaken in the 2019/20 financial year (which showed that the base salaries were still lower quartile and reflecting a year of strong financial performance of the Company, the Committee had decided, with effect from 1 April 2020, to increase the base salaries of each of the Executive Directors by 5% over the previous financial year. However, in light of the COVID-19 crisis and the Government advice to close the Group's stores, the Executive Directors have volunteered (and the Committee fully supports the decision) to defer such base salary increases until such time as it is appropriate to introduce them. If and when that happens, Sukh Chamdal will be entitled to a base salary of £193,200, Pardip Dass will be entitled to a base salary of £126,780 and Dr Jaswir Singh will be entitled to a base salary of £96,600.

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, in line with the rest of the workforce. Additionally, the Executive Directors are entitled to private medical insurance as a benefit in kind.

ANNUAL BONUS

The annual bonus provides an incentive linked to the achievement in delivering goals that are closely aligned with the Company's strategy and the creation of value for shareholders.

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.

As a result of missing the threshold level of performance in FY19/20, no annual bonus will be paid to the Executive Directors.

LONG-TERM INCENTIVES

The Group operates two equity-settled share-based remuneration schemes as described in note 21 of the financial statements. Awards are granted to incentivise, retain and reward Executive Directors in relation to long term performance and achievement of the Company's strategy. Payment in shares enables Executive Directors to build on their existing shareholdings and provides alignment of interest with shareholders.

During the financial year under review, the Group made its first annual awards in respect of the schemes. Full details of both schemes can be found in note 21. The EMI scheme awards are subject to stretching performance conditions set at the time of grant, which comprise metrics based on financial performance in line with our key objectives of delivering returns to our shareholders through achievement of our growth strategy and ongoing employment. The Committee firmly believes that these challenging performance conditions will help to drive strong performance over the long term.

As the Executive Directors did not receive an award of share options at IPO, the initial award of performance shares was larger than future awards, at 250% of salary. From FY20/21, it will be at the Committee's discretion to make annual awards 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. The Committee has decided not to award any performance shares to the Executive Directors in FY20/21 in light of the disruption to the business caused by COVID-19 crisis.

NON-EXECUTIVE DIRECTOR FEES

Fees for Non-executive Directors are set with reference to market data, time commitment, responsibilities and chairmanship 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 were 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). As a result, the Chair, Neil Sachdev, will receive an annual fee of £62,000, an increase of 12.5% on the prior year to recognise his material time contribution in supporting the Executive Directors and the Company. The two other Non-Executive Directors, Adam Batty and Martin Blair, will receive annual fees of £38,500, an increase of 10% on the prior year. However, in light of the COVID-19 crisis, the Non-Executive Directors have volunteered to defer the increases in their fees until such time as they feel it is appropriate. 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 a number of the more senior employees are 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
	Dr Jaswir Singh	20 June 2018	Six Months
Non-Executive 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 2020:

	Salary and fees £'000	Benefits in kind £'000	Pension £'000	Annual Bonus £'000	Share-based Payments charge £'000	2020 total £'000	2019 total £'000
Executive Directors							
Sukh Chamdal	176,000	3,142	1,316	0	109,948	**290,406**	164,404
Pardip Dass	115,000	1,666	1,316	0	22,491	**140,973**	107,795
Dr Jaswir Singh	88,000	2,588	1,316	0	54,974	**146,878**	79,914
Non-Executive Directors							
Adam Batty	35,000	-	-	-	0	**35,000**	29,167
Martin Blair	35,000	-	865	-	0	**35,865**	29,505
Neil Sachdev	55,000	-	-	-	0	**55,000**	45,833
Aggregate emoluments							

1. Including the provision of private medical insurance.

Outstanding share-based awards

The following share-based payments awards were granted during the year and remain unvested:

	Date of Grant	Number	Market Price at Grant date	Exercise Price	Number still outstanding
EMI Share Options					
Pardip Dass	24 July 2019	151,515	181p	165p	£151,515
Unapproved Share Options					
Sukh Chamdal	24 July 2019	266,667	181p	1p	266,667
Pardip Dass	24 July 2019	23,485	181p	1p	23,485
Dr Jaswir Singh	24 July 2019	133,333	181p	1p	133,333
Total		**575,000**			**575,000**

Statement of Directors' interests

The table below sets out the beneficial interests in shares and the unvested share options of all Directors holding office as at 31 March 2020:

	Ordinary shares		Unexercised share options		Total interests	
	At 31 March 2020	At 31 March 2019	**At 31 March 2020**	At 31 March 2019	**At 31 March 2020**	At 31 March 2019
Sukh Chamdal	**16,537,915**	16,537,915	**266,667**	-	**16,804,572**	16,537,915
Pardip Dass	**3,520,418**	3,670,418	**175,000**	-	**3,845,418**	3,520,418
Dr Jaswir Singh	**546,666**	541,666	**133,333**	-	**679,999**	541,666
Adam Batty	**-**	-	**-**	-	**-**	-
Martin Blair	**-**	-	**-**	-	**-**	-
Neil Sachdev	**18,518**	18,518	**-**	-	**18,518**	18,518

Adam Batty
Chair of the Remuneration Committee

Environmental and Social Governance Report

Cake Box believes that ESG and social responsibility is about being community minded, responsible and making a difference. We have an obligation to consider the interests of our customers, employees, shareholders, communities, and to the environment. We must continue to consider the social and environmental consequences of all 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 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, ESG means doing everything we can to be a good company committed to socially responsible practices. This strategy confirms our commitment to acting acting responsibly whilst 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 133 stores 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 within the Franchise Group across the whole of the UK and we encourage applications for employment from all demographics.

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 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 run a '**Hot Kitchen**' every Wednesday for the homeless 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 tests, free medicines and check-ups for the whole community. Our Franchisees carry out charity driven initiatives in their local communities.

100% recyclable or biodegradable plastic by 2022.

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 still researching 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 have reduced 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 1 distribution centre currently operational in Bradford and 1 in Coventry that is in the process of being refurbished. We hope to have the Coventry site fully operational by the end of 2020.

We have also installed LED lights across our offices and our depots to further reduce our emissions. We've also introduced gas ovens, making sure that we're baking efficiently whilst reducing our impact on emissions.

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 to 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 2020

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 2020 which comprise the 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.

- 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 2020 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 and parent company 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 and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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

We have determined the matters described below to be the key audit matters to be communicated in our report:

Risk of fraud in revenue recognition

Key audit matter description

Revenue is the most significant component of the financial statements comprising of sale of goods and franchise fees. Total revenue for the Group for the year-ended 31 March 2020 was £18.7m (2019: £16.9m), which is largely formed of a high volume of low value items. IFRS 15 requires the Group to assess whether the five-point revenue recognition criteria as set out by the Standard have been met.

Management judgement is required to 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, store fit-outs and recharges. Furthermore, the fraud risk in revenue is not rebutted.
These matters resulted in revenue recognition being a key audit matter.

Refer to notes 2.7 (Accounting policies – Revenue recognition) and 3 (Notes to the Consolidated Financial Statements – Segmental reporting) for the disclosures relating to revenue.

How the matter was addressed in the audit

Our audit procedures 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, shop fit-outs and recharges.
- 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.
- Substantive testing of a sample of revenue transactions back to supporting documentation.
- Performance of cut-off testing procedures
- Reviewed disclosures in the financial statements for adequacy.

Existence of inventories and valuation

Key audit matter description

Inventories are material to the Group, with a total of £1.4m held at the year-end date (2019: £0.9m). The balance is formed of equipment for franchisees, non-food items, as well as food stock, including fresh food items.

As a result of COVID19 and in line with Government guidance, the Group largely stopped trading before year-end, with limited stores open. In addition, given the restrictions in place, physical stock take attendance at the warehouses was not possible.

Given these exceptional circumstances and the limited trade around the year end stock, there was an increased risk that fresh food items could be impaired at the year-end date, increasing the risk that stock at the year-end could be overstated. The added complication of not being able to physically attend the year end stock take resulted in this being completed "virtually", which added additional procedures to our work in this material area.
These matters resulted in the existence and valuation of stock being a key audit matter.

Refer to notes 2.13 (Accounting policies – Inventories), 6 (Notes to the Consolidated Financial Statements – Operating profit) and 17 (Notes to the Consolidated Financial Statements – Inventories)

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. Based on our professional judgement, we determined materiality as follows:

	Group	Parent Company
Overall materiality	£199,000	£20,400
Basis for determining overall materiality	5% of EBITDA	3% of total assets
Rationale for benchmark applied	EBITDA is the main measure by which the users of the financial statements assess financial performance and health of the Group which is consistent with a number of Listed businesses in the Consumer market and EBITDA is disclosed as a KPI.	Assets chosen as a benchmark as the Company is a holding company with limited costs, being solely Plc and payroll costs.
Performance materiality	£149,000 (2019: £261,000)	£15,300 (2019: £12,600)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £9,970 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £1,020 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The group consists of 3 components, all of which are based in the UK.

The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	Profit before tax
Full scope audit	3	100%	100%	100%
Total	3	100%	100%	100%

Of the above, full scope audits for 3 components were undertaken by RSM UK Audit LLP.

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

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

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 30, 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/auditors responsibilities. This description forms part of our auditor's report.

Use of our report

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

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 2020

	Note	2020 £	2019 £
Revenue	3	18,742,175	16,908,999
Cost of sales		(9,978,675)	(9,189,297)
Gross profit		8,763,500	7,719,702
Administrative expenses	4	(4,971,999)	(3,742,684)
Fair value movements	15	-	444,148
Other operating income	5	8,800	27,719
Operating profit	6	3,800,301	4,448,885
Exceptional items	11	-	(598,645)
Net finance costs	7	(36,357)	(41,534)
Profit before income tax		3,763,944	3,808,706
Income tax expense	12	(635,349)	(806,290)
Profit after income tax		3,128,595	3,002,416
Other comprehensive income for the year			
Revaluation of freehold property	14	1,400,000	-
Deferred tax on revaluation of freehold property	13	(266,000)	-
		4,262,595	3,002,416
Earnings per share			
Basic	33	7.82p	7.51p
Diluted	33	7.74p	7.51p

The notes on pages 44 - 82 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £	2019 £
Assets			
Non-current assets			
Property, plant and equipment	14	7,199,549	5,047,791
Investment property	15	-	-
Trade and other receivables	18	10,000	52,861
Deferred tax asset	13	37,690	-
		7,247,239	5,100,652
Current assets			
Inventories	17	1,396,235	909,716
Trade and other receivables	18	1,453,232	1,532,487
Cash and cash equivalents		3,676,042	3,082,044
Non-current assets held for sale	16	-	649,998
		6,525,509	6,174,245
Total Assets		13,772,748	11,274,897
Equity and liabilities			
Equity			
Issued share capital	19	400,000	400,000
Capital redemption reserve	20	40	40
Share option reserve	20	198,368	-
Revaluation reserve	20	1,589,422	455,422
Retained earnings	20	7,296,507	5,767,912
Equity attributable to the owners of the Parent company		9,484,337	6,623,374
Current liabilities			
Trade and other payables	24	1,493,352	1,531,887
Short-term borrowings	22	167,754	212,183
Current tax payable		648,522	747,473
		2,309,628	2,491,543
Non-current liabilities			
Borrowings	22	1,446,288	1,937,577
Deferred tax liabilities	13	532,495	222,403
		1,978,783	2,159,980
Total Equity and Liabilities		13,772,748	11,274,897

The financial statements were approved by the Board of Directors and authorised for issue on 21 June 2020. They were signed on its behalf by:

Pardip Dass
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit before income tax	3,763,944	3,808,706
Adjusted for:		
Depreciation	491,630	430,676
Profit on Disposal	(5,608)	(3,222)
Increase in inventories	(486,519)	(200,504)
Decrease/(increase) in trade and other receivables	122,116	(25,254)
(Decrease)/Increase in trade and other payables	(38,537)	38,541
Net fair value gain	-	(444,148)
Share based payment charge	198,368	-
Finance income	(17,872)	(6,981)
Cash generated in operations	3,597,814	3,531,930
Finance costs	54,229	48,515
Taxation paid	(727,898)	(497,250)
Net cash generated from operating activities	3,353,853	3,149,079
Cash flows from investing activities		
Sale of investment properties	650,000	140,000
Purchases of property, plant and equipment	(1,266,242)	(567,154
Purchases of assets under construction	-	(1,570,793)
Proceeds from sale of property, plant and equipment	28,462	-
Interest received	17,872	6,981
Net cash used in investing activities	(569,908)	(1,990,966)
Cash flows from financing activities		
New borrowings	-	870,000
Repayment of borrowings	(535,718)	(329,983)
Repayment of finance leases	-	(33,228)
Dividends paid	(1,600,000)	(1,040,000)
Interest paid	(54,229)	(48,515)
Net cash used in from financing activities	(2,189,947)	(581,726)
Net increase in cash and cash equivalents	593,998	576,387
Cash and cash equivalents brought forward	3,082,044	2,505,657
Cash and cash equivalents carried forward	3,676,042	3,082,044

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Attributable to the owners of the Parent Company					
	Share capital £	Capital redemption reserve £	Share option reserve £	Revaluation reserve £	Retained earnings £	Total £
At 1 April 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)	16,970
Dividends paid	-	-	-	-	(1,040,000)	(1,040,000)
At 31 March 2019	400,000	40	-	455,422	5,767,912	6,623,374
Profit for the year	-	-		-	3,128,595	3,128,595
Revaluation of freehold property	-	-	-	1,400,000	-	1,400,000
Deferred tax on revaluation of freehold property	-	-	-	(266,000)	-	(266,000)
Total comprehensive income for the year	-	-	-	1,134,000	3,128,595	4,262,595
Share based payments	-	-	198,368	-	-	198,368
Dividends paid	-	-	-	-	(1,600,000)	(1,600,000)
At 31 March 2020	400,000	40	198,368	1,589,422	7,296,507	9,484,337

The notes on pages 45 to 82 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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.

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 financial statements for the year ended 31 March 2020 and the historic financial information for the year ended 31 March 2019 have been prepared under the historical cost convention as modified by fair value measurement of freehold property and, in accordance with International Financial Reporting Standards as adopted by the EU ("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 property - Judgement

Freehold properties are held at valuation. Depreciation has not been provided as there is no difference between the carrying value and expected residual value.

One property held at valuation has been revalued by an independent valuer during the year. 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 at the balance sheet date. See note 14 for further information.

Share-based payment – Estimate

Share based payments have been measured using the Black-Scholes valuation model which requires a range of input factors which are estimates based on historical data, expected data, benchmarking and consideration of non-market based performance conditions. Full details of these factors are detailed in note 21.

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 5 to the Company's separate financial statements.

2.4 Application of New and Revised IFRS's

New and amended Standards and Interpretations applied

The following new and amended Standards and Interpretations have been issued and are effective for the current financial period of the Group:

IFRS 16 'Leases'

In the current year, the Group has applied IFRS 16 (as issued by the IASB in January 2016) which is effective for annual periods that begin on or after 1 January 2019. IFRS 16 introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

As at the date of initial application of IFRS 16, 1 April 2019, the impact of the adoption of IFRS 16 on the Group is minimal because the leases in operation fall under the definition of short-term leases and therefore an available exemption was applied.

In the current year, the Group has applied a number of other amendments to Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2019. This has not had any material impact on the amounts reported for the current and prior years. These include:

		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 23	Amendments to borrowing costs eligible for capitalisation	1 January 2019

2. Accounting policies (continued)

2.4 Application of New and Revised IFRS's (continued)

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 and are not expected to have a material impact on the Group:

		Effective Date
IAS 1 & 8	Definition of material	1 January 2020
IFRS 3	Definition of a business	1 January 2020
Conceptual Framework	Amendments References to the Conceptual Framework in IFRS standards	1 January 2020

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

The COVID-19 pandemic has been unprecedented in scale and impact and the directors have taken swift and decisive action to protect customers, colleagues, franchisees, and the communities in which the Group operates, by implementing the necessary steps to safeguard business through the crisis, in line with UK Government guidelines.

There remains much uncertainty about the virus and how long it will continue to impact the Group, customers, and the wider public and economy but the directors are confident that the Group has the financial and operational resilience including if any lockdown restrictions are reintroduced such that no material uncertainty exists.

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 and 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:

2. Accounting policies (continued)

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 fulfillment 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 recognised.

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. Accounting policies (continued)

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, 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 straightline 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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and loss.

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 an independent valuer and updated 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.11 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.

2.12 Financial instruments

Recognition of Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

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.

Trade and other payables

Trade and other payables are initially measured 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.

Trade and other payables

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.14 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.

2.15 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.

2.16 Leases

Leases would have been recognised under IFRS16 but as the leases have less than twelve months until expiry they have been recognised on a straight line basis.

2.17 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.

2.18 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.

2.19 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.

2.20 Research and development

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

2.21 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.

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 2020

2. Accounting policies (continued)

2.22 Share based payment

Where share options are awarded to employees, the fair value of the options (measured using the Black-Scholes model) at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party or factors which are within the control of one or other of the parties. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of Comprehensive Income over the remaining vesting period.

3. Segment reporting

Components reported to the chief operating decision maker (CODM) are not separately identifiable and as such consider there to be one reporting segment. The group makes varied sales to its customers but none are a separately identifiable component. The following information is disclosed:

	2020 £	2019 £
Sale of goods	**16,580,555**	14,121,607
Sale of services	**2,161,620**	2,787,392
	18,742,175	16,908,999

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:

		2020 £	2019 £
	Wages and salaries	**2,821,761**	2,064,106
	Travel and entertaining costs	**389,781**	264,992
	Supplies costs	**99,254**	80,541
	Professional costs	**433,513**	371,095
	Depreciation costs	**491,630**	430,676
	Rates and utilities costs	**291,626**	120,734
	Property maintenance costs	**148,910**	116,187
	Advertising costs	**231,013**	171,869
Other costs	Other costs	**64,511**	122,484
		4,971,999	3,742,684

5. Other operating income

	2020 £	2019 £
Rent receivable	8,800	27,719
	8,800	27,719

6. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	**491,630**	318,548
Stock recognised as an expense	**9,978,675**	9,189,297
Profit on disposal of property, plant & equipment	**(5,608)**	(3,222)
Research and development charged as an expense	**254,053**	226,653
Operating lease rentals	**45,000**	45,000
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	**60,000**	45,000
Fees payable to the Group's auditor and its associates for the audit of the Group's interim financial statements	**7,000**	6,000
Fees payable to the Group's auditor and its associates for non-audit services	**-**	90,000
Share based payment charge	**198,368**	-
Defined contribution pension cost	**32,780**	19,235

2. Accounting policies (continued)

7. Net finance costs

	2020 £	2019 £
Finance expenses		
Bank loan interest	**54,229**	45,833
Interest on overdue tax	**-**	2,682
Finance income		
Bank interest received	**(17,872)**	(6,981)
	36,357	41,534

8. Staff costs

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

	2020 £	2019 £
Wages and salaries	**2,341,395**	1,840,896
Social security costs	**221,297**	174,848
Pension costs	**32,780**	19,235
Private health	**27,921**	29,127
Share based payment expense	**198,368**	-
	2,821,761	2,064,106

The average monthly number of employees, including directors, for the year was 81 (2019 – 67).

9. Dividends

	2020 £	2019 £
Interim dividend of 1.2p 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
Interim dividend of 1.6p per ordinary share	**640,000**	-
Final dividend of 2.4p per ordinary share proposed and paid during the year relating to the previous year's results	**960,000**	-
	1,600,000	1,040,000

Since the year end the Directors have proposed no payment of a final dividend (2019 – 2.4 pence per share). Total dividends proposed in respect of a final dividend total £Nil (2019 - £960,000) for the year ended 31 March 2020.

10. Directors remuneration

The Directors' remuneration is disclosed within the Directors' Remuneration Report on page 21. The Directors are considered key management personnel. Employers NIC paid on Directors' remuneration in the year was £51,970 (2019 - £49,541).

11. Exceptional items

	2020 £	2019 £
AIM listing costs	-	598,645
	-	598,645

12. Taxation

		2020 £	2019 £
Corporation tax			
	Current tax on profits for the year	**648,521**	716,221
	Adjustments in respect of previous periods	**(19,574)**	8,979
Deferred tax			
	Arising from origination and reversal of temporary differences	**6,402**	81,913
	Adjustments in respect of previous periods	**-**	(823)
Taxation on profit on ordinary activities		**635,349**	806,290

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 – higher than) the standard rate of corporation tax in the UK of 19% (2019 – 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	**3,763,944**	3,808,706
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	**715,149**	723,654
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**50,795**	52,294
Adjustment in research and development tax credit leading to a decrease in the tax charge	**(111,021)**	(55,983)
Deferred tax on revalued investment properties	**-**	78,169
Adjustments to tax charge in respect of prior periods	**(19,574)**	8,156
Total tax charge for the year	**635,349**	806,290

Factors that may affect future tax charge

There are no factors that may affect future tax charges.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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13. Deferred taxation

	2020 £	2019 £
Balance brought forward	**222,403**	141,313
<u>Charged to the statement of comprehensive income:</u>		
Deferred tax on revalued freehold property	**266,000**	-
<u>Charged to profit and loss:</u>		
Deferred tax on revalued investment properties	**(78,169)**	78,169
Accelerated capital allowances	**122,261**	3,744
Employee benefits (including share-based payments)	**(37,690)**	-
Adjustments to tax charge in respect of prior periods	**-**	(823)
Balance carried forward	**494,805**	222,403

	2020 £	2019 £
Deferred tax liabilities		
Accelerated capital allowances	**199,562**	77,301
Property revaluations (including indexation)	**332,933**	145,102
	532,495	222,403
Deferred tax assets		
Employee benefits (including share-based payments)	**(37,690)**	222,40
	494,805	222,403

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

14. Property, plant and equipment

	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**

	Assets under construction £	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation						
At 1 April 2019	1,570,793	2,500,000	1,103,652	392,310	1,002,422	4,431,230
Additions	306,927	-	120,348	253,837	585,130	1,266,242
Disposals	-	-	-	(49,142)	-	(49,142)
Transfer between classes	(839,543)	724,851	(207,972)	4,025	318,639	-
Assets written off	306,927	-	120,348	253,837	585,130	1,266,242
Revaluations	-	-	-	-	-	1,400,000
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 2019	-	-	624,893	204,296	692,197	1,521,386
Charge for the year	-	-	93,359	122,321	275,950	491,630
Disposals	-	-	-	(26,288)	-	(26,288)
Transfer between classes	-	-	(39,640)	2,934	(36,706)	-
Assets written off	-	-	(30,579)	-	(86,701)	(117,280)
At 31 March 2020	**-**	**-**	**648,033**	**303,263**	**918,152**	**1,869,448**
Net book value						
At 31 March 2019	**1,038,177**	**4,624,851**	**337,416**	**297,767**	**910,338**	**7,199,549**

Some assets under construction became operational during the year and the valuation at the balance sheet date has been made by the directors based upon costs incurred during the construction phase.

14. Property, plant and equipment (continued)

On 31 October 2019 existing freehold property was revalued by an independent qualified valuer, in accordance with the RICS Valuation – Global Standards 2017 (the Red Book). This valuation was maintained by the directors after consideration to similar properties in the surrounding area based upon extensive research at the balance sheet date.

Previous valuations were made by the directors, on a similar basis to the above.

The fair value of freehold property is categorised as a level 1 recurring fair value measurement.

	2020 £	2019 £
Historic cost	**2,817,188**	1,977,645
	2,817,188	1,977,645

15. Investment property

	Freehold Investment property £
Valuation	
At 1 April 2018	342,629
Additions	-
Disposals	(136,779)
Revaluations	444,148
Transfers from property, plant and equipment	(649,998)
At 31 March 2019	-
Additions	-
At 31 March 2020	-

A freehold property was reclassified to an investment property in the prior year due to a change in use.

The 2019 valuation was 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.

There are no investment properties with a carrying value (2019 - £649,998) used in operating leases. The Group received rental income in relation to these operating leases amounting to £8,800 (2019 - £27,719).

16. Non-current Assets held for sale

	2020 £	2019 £
Investment property	-	649,998

During the prior year, the investment property was presented as held for sale pending its disposal as part of a compulsory purchase order. The asset was subsequently disposed during the current year.

17. Inventories

	2020 £	2018 £
Finished goods and goods for resale	**1,396,235**	909,716

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

18. Trade and other receivables

	2020 £	2019 £
Trade receivables	**1,079,826**	1,345,105
Other receivables	**179,236**	201,037
Prepayments	**204,170**	39,206
	1,463,232	1,585,348
Non-current	**10,000**	52,861
Current	**1,453,232**	1,532,487
	1,463,232	1,585,348

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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19. Share capital

		2020 £	2019 £
40,000,000	Ordinary shares of £0.01 each	**400,000**	400,000
		400,000	400,000

All shares rank equally in all respects.

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.

Share option reserve
Gains/losses arising on amounts in respect of equity-settled share options outstanding.
See note 21 for more information.

21. Share Based Payments

The Group operates two equity-settled share based remuneration schemes for certain employees at management and executive director level: A United Kingdom tax authority approved scheme for senior managers and an executive director and an unapproved scheme for executive directors. The main vesting condition for senior managers is EBITDA reaching £19 million by the third anniversary of the date of the grant. The main vesting condition for the executive director is Earnings Per Share reaching a minimum of 36.41p by the third anniversary of the date of the grant on which 30% will be exercisable. This increases by 0.0963% for every penny over the minimum level. The individuals must remain employees of the Group over the 3 or 4 year period. Under the unapproved scheme, options vest on the same basis as the approved scheme for the executive director. In addition, the options will lapse 10 years after the grant date.

	2020 Weighted average exercise price (pence)	2020 Number	2019 Weighted average exercise price (pence)	2019 Number
Outstanding as at 1 April		-		-
Granted during the year	64	688,400		-
Forfeited during the year		-		-
Exercised during the year		-		-
Lapsed during the year		-		-
Outstanding as at 31 March	64	688,400		-

The exercise price of options outstanding at 31 March 2020 ranged between **1** penny and **165** pence which represented the grant of the unapproved and approved options respectively. Their weighted average remaining contractual life of these options at the year end date was 885 days.

Of the total number of options outstanding at 31 March 2020, none had vested and were exercisable.

	2020 £	2019 £
Option pricing model used	Black-Scholes	N/a
Share price at date of grant (pence)	181	-
Contractual life (days)	1096 - 1461	-
Exercise price (pence)	1-165	-
Volatility	20%	-
Risk free interest rate	0.71%	-

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of share prices of similar listed entities over the recent years. The share based payment expense of £198,368 is included in notes 6 and 8. This is calculated on the above assumptions over the relevant period and that the attrition rate is 100%.

The Group did not enter into any share-based payment transactions with parties other than employees during the current or previous period.

22. Borrowings

	2020 £	2019 £
Non-current borrowings		
Bank loans	**1,446,288**	1,937,577
	1,446,288	1,937,577
Current borrowings		
Bank loans	167,754	212,183
	167,754	212,183

Bank loans of £1,614,042 (2019 - £2,149,760) are secured via fixed charges over specific properties and floating charges upon certain assets held by the Group. Interest rates of 0.5 - 2.15% above Bank of England base rate are charged on the loans. The loans are repayable in monthly instalments with final payments due between July 2024 and November 2025.

23. Leases

Operating Leases – Lessee

The Group leases a building and cars under noncancellable operating lease agreements.

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

	2020 £	2019 £
Land and buildings		
Not later than 1 year	**23,671**	45,000
Later than 1 year and not later than 5 years	**-**	23,671
Total	**23,671**	68,671

23. Leases (continued)

Operating Leases – Lessor

One leased property is sub-leased. The total future value of minimum lease payments is due as follows:

	2020 £	2019 £
Not later than 1 year	**46,288**	50,496
Later than 1 year and not later than 5 years	**-**	46,346
Total	**46,288**	96,842

24. Trade and other payables

	2020 £	2019 £
Trade payables	**684,767**	602,113
Other taxation and social security	**207,336**	249,497
Other payables	**142,250**	250,256
Accruals and deferred income	**458,999**	430,021
	1,493,352	1,531,887

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 £Nil (2019 - £77,143).

25. 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 £32,780 (2019 - £19,235). Contributions totaling £10,652 (2019 - £9,201) were payable to the fund at the statement of financial position date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

26. 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 £Nil (2019 - £77,143).

Details of amounts paid to key management personnel which includes executive and non-executive directors are included within note 10 and the Directors Remuneration Report on page 21.

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 with director shareholding % shown in brackets:

	2020		2019	
Mr Sukh Chamdal*	**£ Sales**	**£ Balance**	£ Sales	£ Balance
S & S Cakes Limited (0%)	**216,997**	**-**	234,337	-
Cake Box (Gravesend) Limited (0%)	**123,298**	**6,197**	129,143	6,242
Cake Box (Maidstone) Ltd (0%)	**117,869**	**9,977**	120,054	8,180
Cake Box (Strood) Limited (0%)	**116,814**	**19,060**	106,813	4,431
Cake Box (Crawley) Limited (0%)	**132,092**	**13,708**	195,01	13,541
Cake Box CT Limited (Canning Town) (0%)	**126,110**	**-**	195,017	-
	833,180	**48,942**	785,364	32,394

	2020		2019	
Mr Pardip Dass	**£ Sales**	**£ Balance**	£ Sales	£ Balance
Eggfree Cake Box Barking Limited (30%)	**206,152**	**6,075**	215,937	-
	206,152	**6,075**	215,937	-

	2019		2018	
Dr Jaswir Singh	**£ Sales**	**£ Balance**	£ Sales	£ Balance
Luton Cake Box Limited (10%)	315,243	(996)	363,569	-
Peterborough Cake Box Limited (30%)	187,136	-	190,617	-
Cream Cake Limited (30%)	319,432	-	250,039	-
MK Cakes Limited (0%)**	185,575	-	242,332	666
Bedford Cake Box Limited (0%)	134,251	-	138,717	-
	1,141,637	(996)	1,185,274	666

* 100% Owned by Mr. Chamdal's daughter

** 100% Owned by Dr Singh's son/daughter

27. 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:

Financial Assets

	Held at amortised cost	
	2020 £	2019 £
Cash and cash equivalents	**3,676,042**	3,082,044
Trade and other receivables	**1,259,062**	1,365,853
	4,935,104	4,447,897

Financial Liabilities

	Held at amortised cost	
	2020 £	2019 £
Trade and other payables	1,286,016	1,282,390
Secured borrowings	1,614,042	2,149,760
	2,900,058	3,432,150
Net	**2,035,046**	1,015,747

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

28. 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 Group'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.

28. Financial risk management (continued)

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:

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 Group 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 counter-party arising from significant downturns in operating results and/or significant unavoidable cash requirements when the counter-party 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 counter-party 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 counter-party 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 counter-party or a guarantee.

Impairment of trade receivables

The Group 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 Group 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 2020, the total loss allowances against the Group's financial assets were immaterial and no charge to the income statement was recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

28. 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	2020 £	2019 £
Borrowings – Due within one year	167,754	212,183
Borrowings – Due between one to five years	1,446,288	1,937,577
	1,614,042	2,149,760

Trade and other payables	2020 £	2019 £
0 to 30 Days	1,105,254	1,266,495
30 to 60 Days	45,509	40,971
60 to 90 Days	475	(593)
90 to 120 Days	119,278	-
120 Days to 1 year	5,500	468
	1,286,016	1,307,341

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.

28. Financial risk management (continued)

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 £4,035 (2019 - £5,374). 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.

29. Post statement of financial position events

Post year end the Group has declared no final dividends (2019 - £960,000).

The ongoing COVID-19 pandemic will affect the Group's operations and results thereof in the forthcoming financial year. The full effect is not known at this point though the directors have plans and adequate resources to limit the impact that the pandemic has had and uncertainties surrounding the economic recovery. Further details are disclosed in the Group Strategic Report.

30. Subsidiary undertakings

The following were subsidiary undertakings of the Company included in the Group results:

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.

31. Notes supporting statement of cashflows

	2020 £	2019 £
Cash at bank available on demand	3,675,981	3,081,855
Cash on hand	61	189
	3,676,042	3,082,044

There were no significant non-cash transactions from financing activities (2019 – two new loans).

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 2020

	Non-current borrowings	Current borrowings	Total £
As at 1 April 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
Cash flows			
Repayments	(349,494)	(186,224)	(535,718)
Non-Cash flows:			
Non-current loans becoming current during the year	(141,795)	141,795	-
As at 31 March 2020	**1,446,288**	**167,754**	**1,614,042**

31. Ultimate controlling party

The Group considers there is no ultimate controlling party.

32. Earnings per share

	2020 £	2019 £
Profit after income tax attributable to the owners of Cake Box Holdings Plc	**3,128,595**	3,002,416
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	**40,000,000**	40,000,000
Effect of dilutive potential ordinary shares from share options	**423,485**	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	**40,423,485**	40,000,000
	Pence	**Pence**
Basic earnings per share	**7.82**	7.51
Diluted earnings per share	**7.74**	7.51
Excluding exceptional AIM listing costs and fair value uplift		
Basic earnings per share	**7.82**	7.90
Diluted earnings per share	**7.74**	7.90

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

Cake Box Holdings Plc | Company no. 08777765

	Note	2020 £	2019 £
Assets			
Non-current assets			
Investments	5	**198,568**	200
		198,568	200
Current assets			
Trade and other receivables	6	**600,643**	566,136
Cash and cash equivalents	7	**82,171**	94
		682,814	566,230
Total Assets		**881,382**	566,430
Equity and Liabilities			
Issued share capital	8	**400,000**	400,000
Capital redemption reserve		**40**	40
Share option reserve		**198,368**	-
Retained earnings		**35,979**	20,707
Total Equity		**634,387**	420,747
Current liabilities			
Trade and other payables	9	**240,901**	2,990
Current tax payable		**6,094**	142,693
		246,995	145,683
Total Equity and Liabilities		**881,382**	566,430

The financial statements were approved by the board on 21 June 2020.

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 2020 was £1,615,272 (2019 - £1,412,713).

Pardip Dass
Chief Financial Officer

COMPANY CASHFLOW STATEMENT AS AT 31 MARCH 2020

Cash flows from operating activities

	2020 £	2019 £
Profit before income tax	**1,621,366**	1,412,713
Adjusted for:		
Increase in trade and other receivables	**(34,507)**	(515,422)
(Decrease)/Increase in trade and other payables	**237,911**	142,693
Cash generated in operations	**1,824,770**	1,039,984
Taxation paid	**(142,693)**	-
Net cash generated from operating activities	**1,682,077**	1,039,984
Cash flows from financing activities		
Dividends paid	**(1,600,000)**	(1,040,000)
Net cash used in from financing activities	**(1,600,000)**	(1,040,000)
Net decrease in cash and cash equivalents	**82,077**	(16)
Cash and cash equivalents brought forward	**94**	110
Cash and cash equivalents carried forward	**82,171**	94

The notes on pages 72 to 75 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Share capital £	Capital redemption reserve £	Share option reserve £	Retained earnings £	Total £
At 1 April 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**
Total comprehensive income for the year	-	-	-	1,615,272	1,615,272
Share bonus issue	-	-	198,368	-	198,368
Dividends paid	-	-	-	(1,600,000)	(1,040,000)
At 31 March 2020	**400,000**	**40**	**198,368**	**35,979**	**634,387**

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. ACCOUNTING POLICIES

The accounting policies of the Company are shown in the Consolidated Financial Statements on pages 41 to 49.

1.1 Investment in subsidiaries

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

2. Staff costs

The average number of employees, including directors, during the year was 6 (2019 – 6). The directors received remuneration during the year as detailed in Note 4.

3. Dividends

	2020 £	2019 £
Dividends paid	**1,600,000**	1,040,000
	1,600,000	1,040,000

4. Directors' remuneration

	2020 £	2019 £
Directors emoluments	**504,500**	352,500
Social security costs	**62,383**	42,188
Company contributions to defined contribution pension schemes	**4,011**	2,152
	570,894	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 2020

5. Investment in subsidiary undertakings

	Investments in subsidiary companies £
Cost	
At 1 April 2019	200
Additions	198,368
At 31 March 2019	**198,568**
Net book value	
At 31 March 2020	**198,568**
At 31 March 2019	200

The additions are share based payments to be settled in the Company's equity for services received by a subsidiary company.

The following companies are the principal subsidiary undertakings at 31 March 2020 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

	2020 £	2019 £
Amounts receivable from subsidiaries	**598,310**	**565,830**
Other debtors	**2,3336**	306
	600,643	566,136

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

	2020 £	2019 £
Cash at bank	**82,171**	94

For the purpose of the cash flow statement, cash and cash equivalents comprise the following at 31 March 2020:

Cash at bank	**82,171**	94

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

8. Issued share capital

	2020 £	2019 £
40,000,000 Ordinary shares of £0.01 each	**400,000**	400,000
	400,000	400,000

Details of changes in share capital are included at note 19 to the Consolidated Financial Statements.

9. Trade and other payables

	2020 £	2019 £
Accruals	**22,020**	-
Other taxation and social security	**154,778**	-
Other payables	**3,209**	-
Accruals	**60,894**	2,990
	240,901	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:

	2020 £	2019 £
Amounts due from own subsidiaries	**598,310**	565,830
Management charges to own subsidiaries	**840,000**	1,230,670
Dividends received from own subsidiaries	**1,600,000**	1,395,000

The above loans are interest free and repayable on demand.

13. Financial instruments

Details of key risks are included at Note 28 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.
- no impairment has been recognised in respect of this. (2019: £ nil)

	Held at amortised cost 2020 £	2019 £
Cash and cash equivalents	**82,171**	94
Trade and other receivables	**598,310**	566,136
	680,481	566,230

Financial Liabilities

	Held at amortised cost 2020 £	2019 £
Trade and other payables	**86,123**	2,990
	86,123	2,990

14. Ultimate controlling party

There is no ultimate controlling party.

15. Events after the reporting period

The ongoing COVID-19 pandemic will affect the company's operations and results thereof in the forthcoming financial year. The full effect is not known at this point though the directors have plans and adequate resources to limit the impact that the pandemic has had and uncertainties surrounding the economic recovery. Further details are disclosed in the Group Strategic Report.

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

Company number: 08777765 (England and Wales)

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Registrars:
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